Austria Sch.22	Indonesia ... Rp 3100	Portugal ..... Esc 100
Bahrain Din.0.650	Israel ...... NS 3.50	S.Arabia .... Rls 6.00
Belgium BFr.48	Italy ...... L 1600	Singapore ... S$4.10
Canada ...... C$1.00	Japan Y600	Spain ...... Pta 125
Cyprus ...... C£0.75	Jordan Fils.500	Sri Lanka .... Rup 30
Denmark ... DKr.9.00	Kuwait Fils.500	Sweden .... SKr 8.00
Egypt ...... E£2.25	Lebanon ... SL 50.00	Switzerland. SFr2.20
Finland Fmk.7.00	Luxembourg . LFr.48	Taiwan ...... NT $85
France FFr.6.50	Malaysia .... Rin 4.25	Thailand ..... Bht 50
Germany DM2.20	Mexico Pes.300	Tunisia ..... Din 0.800
Greece ...... Dr 100	Morocco ..... Dh 6.00	Turkey L500
Hong Kong... HK$ 12	Netherlands.. Fl 3.00	U.A.E. ...... Dh 6.50
India ...... Rup 15	Norway Nkr.7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Black Africa's fight to stand alone, Page 24

World News

Sikhs kill 72 Hindus in two bus attacks

Sikh gunmen attacked two buses in the north Indian state of Haryana, killing at least 32 Hindus, according to police.

The attack came 24 hours after gunmen killed 40 Hindus in a bus attack in Punjab. Police said they believed the same gang were involved in both attacks. Page 3

Chernobyl trial

The former director of the Chernobyl nuclear power station and five of his aides went on trial for their part in the accident last April. Page 24

France-Iran ties

Prime Minister Jacques Chirac said France might cut diplomatic ties with Tehran if an Iranian embassy employee did not answer a summons to testify in an anti-terrorism investigation. Page 2

Citizens army

The new Philippine Congress would be asked to enact a law creating a citizens army of 1m people that could be activated in times of crisis, leaders of a military reservist organisation said.

Lebanon build-up

Israeli forces and Shia Moslem guerrillas massed along the border of Israel's "security zone" in southern Lebanon after a battle in which Israeli troops killed at least five guerrillas. Page 4

Soviet protest

The Soviet Union protested to Britain over supplies of British-made Blowpipe anti-aircraft missiles to rebels fighting the Soviet-backed government in Afghanistan.

Haiti suicide threat

A group of Haitian students renewed vows to burn themselves to death unless the Government resigned.

South African talks

A group of 40 white South Africans arrived in London to prepare for talks in Senegal with the African National Congress guerrilla movement on the future of South Africa.

Glasnost call

A group of leading Soviet dissidents recently freed from detention called at the first meeting of a new public discussion group, Glasnost, for the abolition of laws under which political prisoners are held.

Panama protests

Anti-government demonstrations continued in Panama City despite calls by President Eric Arturo Delvalle for national reconciliation.

Pamplona casualties

Some 34 people were slightly hurt as they ran ahead of bulls through the streets of Pamplona, Spain, on the first day of the city's annual week-long festival.

Cave-dwellers

Chinese people are moving into cave homes, which experts believe could be the answer to the country's energy shortages and massive population, the New China News Agency reported.

Maltese relations

Malta's new conservative Government was expected to outline policies to move the island state closer to the West when parliament opens tomorrow.

Refugee office fire

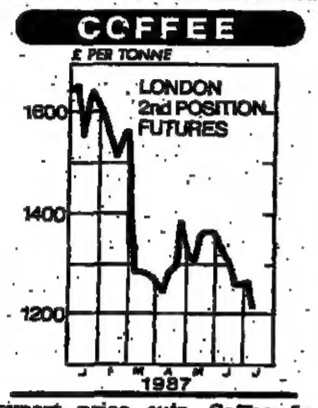
Arsonists set fire to a West Berlin government office that processed applications from foreigners seeking political asylum and the building was burnt down.

Business Summary

UK police investigate Guinness dealings

LONDON fraud squad police have been called in to investigate a possible conspiracy to defraud shareholders in the Distillers drinks company during the successful takeover bid launched last year by rival Guinness. The takeover has already been the subject of a trade department investigation. Meanwhile, Mr Brian Evans, the brother of a Morgan Grenfell corporate finance director advising Guinness on its proposed takeover bid for Arthur Bell in 1985, made an £30,000 profit ($49,000) by purchasing shares in Arthur Bell four days before the bid was announced. Last night, the two brothersdenied that the one had passed inside information to the other. Takeover probe, Page 6

COFFEE futures prices fell to their lowest for nearly five years on the London robusta market after Brazil announced



export price cuts. Coffee futures for September delivery ended the day down £35.50 at £1,210.50 a tonne. Page 34

WALL STREET: the Dow Jones industrial average closed up 20.25 at 2449.78. Page 46

TOKYO: Late bargain-hunting helped limit sharp losses and the Nikkei average ended 54.77 down at 23,816.09. Page 46

LONDON: Firmness in the pound and a strong opening on Wall Street encouraged equities to fresh peaks. The FT-SE 100 index was 13.5 higher at 2,365.4 and the FT Ordinary index reached 1,836.7, up 5.9. Gilts fell back after a firm opening. Details, Page 42

GOLD remained unchanged on the London bullion market at $443.00. In Zurich it rose to $444.55 ($443.75). Page 34

DOLLAR closed in New York at DM1.844, at FFr6.142, at Y150.35 and at SFr 1.5385. Earlier, in London it fell to DM 1.8395 (DM 1.8400); remained unchanged at FFr 6.1275; and rose to Y149.70 (Y149.10); and SFr 1.5345 (SFr 1.5325). On Bank of England figures the dollar's exchange rate index finished at 103.0. Page 35

STERLING rose in London to $1.62 ($1.6195); to Y242.50 (Y241.50); to SFr 2.4850 (SFr 2.4825); and to FFr 9.9275 (FFr 9.9225); but remained unchanged at DM 2.98. The pound's exchange rate index rose to 73.0 (72.8). Page 35

UK GOVERNMENT and its advisers have dropped their aggressive stance on the flotation of BAA, formerly British Airports Authority, and will this morning announce a price of 245p ($3.97) a share on the offer for sale. Page 46

SOTHEBY'S, the US-owned auction house, has sold its South African subsidiary for an undisclosed sum. Page 27

MITSUBISHI HEAVY INDUSTRIES reported a steep 38 per cent plunge in net profits to Y27.4bn ($183m) for the year due to the exclusion of Mitsubishi Motors Corp from its consolidated subsidiaries. Page 27

NIPPON KOGAKU, Japanese manufacturer of Nikon cameras, tumbled into a loss of Y1.72bn ($11.5m) compared with a profit of Y2.34bn last year. Page 27

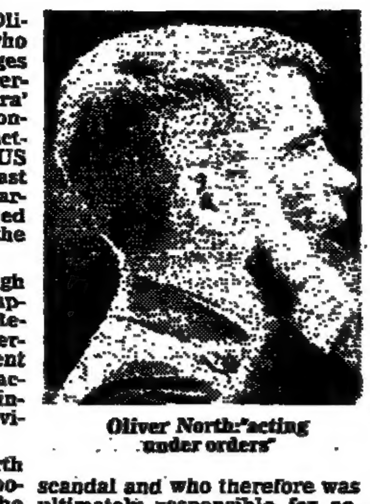
ALBERTA GOVERNMENT has had to freeze the assets of two savings subsidiaries of the Edmonton-based Principal Group because of mortgage failures. Small investors in Western Canada may lose up to C$60m (US$45m) in interest payments. Page 25

North 'prepared false arms deal chronology under orders'

BY STEWART FLEMING AND LIONEL BARBER IN WASHINGTON

LIEUTENANT COLONEL Oliver North, the US marine who organised the arms for hostages deals with Iran and the diversion of the profits to the 'contra' rebels in Nicaragua, told Congress yesterday that he had acted under orders from senior US Government officials even last November when he was preparing a false chronology designed to disguise details of the operations from the public.

But he insisted that although he believed that he had the approval of President Ronald Reagan, he could not say with certainty whether the President had personally authorised actions which congressional investigators believe may have violated US laws.


Oliver North: "acting under orders"

The testimony of Col North has been seen as having the potential to begin to unravel the mystery surrounding who made key decisions in the Irangate scandal and who therefore was ultimately responsible for actions which have irreparably damaged the Reagan presidency, eroded the credibility of US foreign policy and soured relations between the White House and many Republicans as well as Democrats on Capitol Hill.

The significance of the testimony of a man President Reagan once referred to as a "national hero" has been underscored by the manoevring behind the scenes ahead of his appearance yesterday before the congressional investigating committees, and a nationwide television audience. The committees have granted him limited immunity from prosecution for his testimony and the Reagan administration is perceived to have been trying to erode his credibility as a witness.

Expectations that Col North's evidence would indeed make it more difficult for Mr Reagan to continue to dismiss the Iran/Contra affair as yesterday's news were fully justified.

Combative and self assured, at times arrogant and flippant, the 43-year-old marine bridled at suggestions that, as a junior officer at the White House National Security Council, he was a "loose cannon" or a "lone wolf" who in November 1986 had, on his own authority, prepared a false chrnology of the arms deals to protect the President from political damage as the scandal surfaced.

"By putting out this false version of the facts you were committing, were you not, the entire Administration to telling a false story", charged Mr John Nields, the cross-examining legal counsel for the committee, as the two men sparred over Col North's role.

"Well," retorted the uniformed marine, the medals for bravery in combat pinned to his chest, "I'm not trying to pass the buck here. Okay? I did a lot of things and I want to stand up and say that I am proud of them. But," he went on, "I don't want you to think, counsel, that I went about this all on my own... There were many people, to include the former Assistant to the President for National Security Affairs, the current National Security Adviser, the Attorney General of the United States of America, the Director of the Central Intelligence (Agency), all of them knew."

Col North told the packed hearing in the Senate Caucus room that President Reagan had retroactively authorised in December 1985 the sale of missiles to Iran in an effort to secure the release of US hostages held in Lebanon, that not one but five versions existed of a document discussing the illegal diversion of arms sales profits to Iran, and claimed Mr Edwin Meese, the US Attorney General, had a more intimate knowledge of the deals than has been previously disclosed.

He conceded that he and the late Mr William Casey, Director General of the Central Intelligence Agency had, last November, fixed congressional testimony to 'remove offensive portions' which could have added to the Reagan Administration's already exploding political problems.

He also disclosed that he had begun as early as October of 1986, before the contra scandal had begun to break in the newspapers, to shred sensitive documents to hide details of the operations. This, he said, began after a visit a longstanding business friend of Mr Casey's had made to the CIA director

North pledge, Page 4

Midland Bank sells three subsidiaries to National Australia

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

MIDLAND BANK, one of the leading UK clearing banks, yesterday unveiled a sweeping set of measures, including a £700m ($1.13bn) rights issue and the sale of its Scottish and Irish operations to National Australia Bank, in order to raise fresh capital and greatly boost its reserves for Third World loans.

The action, the most far-reaching ever attempted by a UK clearer, enables Midland to catch up with the recent increases in provisions made by other leading international banks, and repair the damage done by its loss-making acquisition of Crocker National Bank of the US, now sold. But it will leave Midland as a shrunken bank in the British market.

The measures, which had been expected for some time, were presented by Sir Kit McMahon, the former Deputy Governor of the Bank of England who recently became chairman of Midland and is applying drastic remedies to the clearer's problems and its heavy loan exposure to the Third World. He said yesterday: "We had become convinced that we were seriously underprovided, and decided to put the thing right at one go."

Midland is to increase its Third World loan loss reserve by £916m to £1.19bn. This is equivalent to just over 27 per cent of Midland's £4.3bn of loans to 30 countries in financial difficulty. The level is higher than the 25 per cent set by many US banks in their recent provisions, but just below NatWest which went to 30 per cent last month.

Sir Kit said that precise comparisons were not justified because banks had different loan portfolios. But he claimed that Midland, with provisions against its total loans of 5.8 per cent, was now the most strongly provided major bank in the world.

Midland listed its loans at the end of March as Brazil (£1.14bn), Mexico (£1.1bn), Argentina (£651m), rest of Latin America (£886m) and rest of the world (£800m). Midland is discussing the tax treatment of the provisions with the Inland Revenue, but is assuming they will qualify for tax relief, in which case the post tax charge would be £653m.

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The provision will be treated as an extraordinary item. This was viewed as highly unusual among City of London analysts yesterday, who said it was a ploy to spare Midland Bank from having to report a large loss this year. They estimated that if the provision was calculated in the conventional way Midland would make a pre-tax loss of £400m-£500m.

Midland declined to make a profit forecast yesterday but indicated that while banking had been strong in the first half of this year, its investment banking operations showed mixed results. Midland pledged, however, to maintain its dividend.

The £700m rights issue will be made on a one-for-one basis at 300p per share. This represents a deep discount from last night's closing price of 654p, and means that the issue will not have to be underwritten. This call on shareholders, the first that Midland has been able to make since it got into trouble four years ago, will increase its market capitalisation by 50 per cent.

The third measure announced by Midland yesterday was the sale of three subsidiaries, the Glasgow-based Clydesdale Bank, the Northern Bank in Ulster, and its recently created subsidiary in Eire, Northern Bank (Ireland), to National Australia Bank, Australia's largest bank.

The price was agreed at £70m over the net asset value of the three banks, which was £317m at the end of last year. The three banks have assets of £4.5bn, and earned £47m last year, out of the Midland total of £454m.

The deal will need the approval of the Bank of England, the Treasury and the Department of Trade, under various laws which limit the control of UK banks and the acquisition by foreign interests of UK commercial concerns.

Moscow ready to withdraw Gulf ships

By Patrick Cockburn in Moscow

THE SOVIET UNION is ready to withdraw its warships from the Gulf if the United States, Britain and France lead the way, the Foreign Ministry said yesterday. 'If the US, Britain and France withdrew their ships, Soviet naval ships would undoubtedly be withdrawn from the Gulf also,' Mr Boris Pyadyshev, the ministry spokesman told a press conference.

Mr Pyadyshev said that, as of last Saturday, the Soviet Union had three minesweepers, a frigate and a communications vessel in the Gulf to protect Soviet merchant ships.

White House Chief of Staff Howard Baker said on Sunday that the US might withdraw its naval forces from the Gulf if there was a ceasefire in the Iran-Iraq war and the Soviet Union did the same.

Mr Pyadyshev said that if Mr Baker's statement meant 'a positive attitude to our proposal, we welcome it as a step in the right direction'.

Western diplomats in Moscow say that the focus of attention is now clearly on the UN in New York where the Security Council is to consider a resolution for a mandatory ceasefire.

Gen Vernon Walters, the US ambassador to the UN, had talks with senior Soviet officials in moscow last week. Diplomats say that the Soviet Union may vote for a ceasefire but is not likely to back measures to enforce it such as an arms embargo or a boycott of Iranian oil.

US and Soviet ships have been among vessels damaged in the Gulf in the spillover of fighting between Iran and Iraq.

EC chief warns over Japanese telecom imports

BY TERRY DODSWORTH IN LONDON

MR MICHEL CARPENTIER, director-general of telecommunications at the European Commission, said yesterday that Europe might have to consider protectionist measures against imports of Japanese telecommunications equipment because of the size of the trade deficit that has now built up between the two regions in this sector.

Speaking at the Financial Times Conference on Telecommunications and the European Business Market in London, Mr Carpentier said that Japan had now taken over from the US as the country with which the Community had the largest trade deficit in telecommunications products.

Citing provisional figures for 1986, he said that EC imports of Japanese telephone equipment and components had jumped to Ecu 883m ($783m) from Ecu 250m just three years ago. But only a 'trickle of exports', valued at Ecu 36m were allowed into Japan from western Europe.

Mr Carpentier's remarks follow recent anti-dumping investigations launched by the EC into a range of electronics products from Japan - most recently involving semiconductors, which are regarded as the most important base materials in the electronics manufacturing chain.

It is unlikely that the telecommunications trade issue will be tackled before the semiconductor case is settled later this year, but Mr Carpentier left no doubt that he would be examining the latest trade figures over the next few months to decide on a future programme of action.

Mr Carpentier, who was responding to a question about increases in Japanese imports, had earlier made a strong declaration of Europe's commitment to a more open market in telecommunications.

UK warned, Page 8

US groups may compete for Trident contract

BY DAVID BUCHAN IN WASHINGTON

THE US plans to introduce competition into the production of the Trident D-5 missile, and has asked Martin Marietta to bid against Lockheed for construction of the weapon. The move could yield significant savings for the US and UK governments in arming their strategic nuclear forces.

Martin Marietta, maker of many land-based US strategic missiles, yesterday confirmed that it had submitted a detailed proposal setting out the conditions on which it was ready to compete against Lockheed, developer of the Trident and all

Continued on Page 24

Trans-Resources makes $215m bid for Fermenta

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

TRANS-RESOURCES, a privately owned US holding company, is planning a SKr 1.38bn ($215m) bid for Fermenta, the scandal-beset Swedish antibiotics and chemicals group.

It has reached an agreement in principle with Industrivarden, the Swedish investment company which is the main shareholder in Fermenta, to acquire its 40 per cent stake. It plans to issue an offer to other shareholders before the end of September.

The agreement with Industrivarden is conditional, however, on the deal being approved by Fermenta's main banks and the Government, and on the bid attracting at least 90 per cent of the shares.

Trans-Resources is a US holding company, whose main asset is a 96 per cent stake in Haifa Chemicals, an Israeli manufacturer and distributor of speciality fertilisers and chemicals. It produces potassium nitrate, primarily for use as fertiliser, from plants located in Israel.

The main owners of Trans-Resources are a group of New York-based entrepreneurs and financiers. They include Mr Meshulam Riklis, 59-year-old chairman and chief executive of Rapid-American Corporation, a colourful and controversial US entrepreneur with a reputation for financial bucaneering.

Other shareholders in Trans-Resources are Mr Perry Mendel and Mr Richard Grassgreen, respectively chairman and president of Kinder-Care, the operator of child daycare centres, Mr Arie Genger, chairman and president of Trans-Resources and a director of Rapid-American, who served in a senior position in the Israeli Government in 1982-83, and Marcia Riklis, a director of Rapid-American.

It was unclear last night what part is being played behind the scenes by Mr Refaat El-Sayed, the former majority shareholder and chief executive of Fermenta who was ousted with the rest of the Fermenta board at the end of last year, and is now under criminal investigation in Sweden for alleged serious fraud and bookkeeping crimes.

Mr El-Sayed has been in business discussions with Mr Genger for at least a year.

The original contacts were made concerning the possible disposal of the Fermenta US subsidiary Cedar Chemical, a small fertiliser producer, but Mr El-Sayed has also had prolonged contacts with Mr Genger during the first half of this year as part of his efforts to find financial support to buy back Fermenta.

The new Fermenta management has said repeatedly that it would not have any dealings with a potential buyer involving Mr El-Sayed.

Mr Bertil Holmberg, Fermenta chief executive, said last night: "We have received very strong written assurances from Trans-Resources saying that they have nothing to do with Mr El-Sayed. This has been confirmed by their investment bankers Drexel Burnham Lambert."

It is thought, however, that Mr El-Sayed has been given to understand that he could eventually become a partner in the Fermenta antibiotics and animal health business, once the group has been reorganised with the disposal of major assets including the US agrochemicals business.

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UK oil minister Peter Morrison: cracking the whip on cost-cutting in the industry, Page 8

DELORS SPELLS OUT POSITION ON EC BUDGET DISCIPLINE

Brussels seeks wide power over spending

BY QUENTIN PEEL

SWEEPING POWERS to control European Community spending will have to be granted to the Commission if genuine budget discipline is to be enforced in the future, Mr Jacques Delors, the Commission president, told the European Parliament yesterday.

He spelt out his plans to control farm spending in the wake of last week's summit of EC leaders in Brussels, when all but Mrs Margaret Thatcher, the British Prime Minister, agreed on the guidelines for future financial reforms.

At the same time Mr Wilfried Martens, the Belgian Prime Minister who chaired the summit, insisted that budget discipline could not be imposed in isolation: spending control, and the assurance of future finance, were two parts of an "indissoluble whole," he said.

Mr Delors insisted that the summit had made progress, by concentrating on the medium-term and not getting bogged down in short-term budget crises. The heads of government had agreed on a work programme for financial reform, and had avoided an open clash between North and South over future spending.

He said budget discipline, an dthe control of farm spending, remained a key issue to resolve, along with the form and level of future contributions to the EC budget.

Mr Delors rejected outright any "guillotine" system of stablising far mspending, which would set automatic cut-off points when the Commission would simply be required to stop spending. That would spell the end of the Common Agricultural Policy, he said.

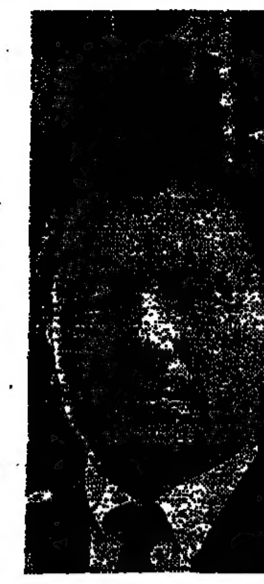
The only way to preserve the essentials of the policy and controlling spending was to give the Commission itself far greater powers of budget management — to reduce prices or cut back on guaranteed crop purchases in good time when spending appeared to be running ahead of revenues, he told the MEPs.

The suggestion is likely to be treated with great suspicion by many member states, loathe to give too much power to the Commission in Brussels, which would otherwise be exercised by the Council of Ministers.

"If it is not allowed by the Council, then budgetary discipline will simply not be possible," Mr Delors said. "It is not even an institutional question. It is a practical question." He said a major problem was that the 12 member states did not yet agree on what they want in the agriculture sector. They muts decide whether they wanted to maintain the principles of the CAP, or destroy the system.

On future financing, he said the Community must have an increase in resources of at least 25 per cent by 1992—the deadline for removing all remaining barriers to a single market.

He said the Commission did not propose that the contributions of member states should be based solely on their Gross National Products, but that one element of their contributions should be more closely related to relative prosperity.



Delors: warning

Surprise choice ends bitter row over new Finsider president

BY ALAN FRIEDMAN IN ROME

THE BOARD of IRI, Italy's state holding company, yesterday announced a surprise appointment as president of Finsider, its loss-making state steel group. The nomination of Mr Mario Lupo, a former managing director of the Montedison chemicals concern, brought to an end a bitter and highly politicised conflict over the top management of the publicly-owned steel industry.

The question of a new top management at Finsider had posed a severe challenge to the authority of Professor Romano Prodi, IRI's chairman. This was because of strong opposition to Prof Prodi's choice of executives at Finsider from Mr Massimo Pini, a Socialist party representative on the IRI board who accused the chairman of serving Christian Democrat interests.

Prof Prodi's staff have maintained that he wished to rid Finsider of the top managers who had presided over years of heavy deficits, including last year's L980.4bn (£453m) loss.

A meeting of IRI's executive committee last Friday ended in disarray after being unable to agree to Prof Prodi's choice as Finsider president of Mr Egidio Egidi, a former manager at Agip, the state petroleum company. The Finsider struggle, which has seen Socialists and other IRI board members pitted against Prof Prodi, had lasted for more than a month.

Yesterday morning the IRI board agreed to appoint Mr Lupo, who, after serving at Montedison in the 1970s, was also president of Montedison's Standa retail chain. Mr Lupo has, until now, headed REL, a state-aided consumer electronics consortium.

The compromise choice of Mr Lupo emerged after frenzied meetings last weekend and is understood to have been the idea of a Liberal party representative on the IRI board.

The board was in agreement on the appointment as Finsider managing director of Mr Giovanni Gambardella—who since 1983 has been managing director of the state-owned Ansaldo power plant manufacturer. Mr Giorgio Benevento, a hold-over from the past, is to stay on as director-general of Finsider, which is now expected to proceed with a badly needed restructuring programme.

The Finsider executives who are being replaced are Mr Lorenzo Roasio, president, and Mr Sergio Magliola, managing director.

An aide to Prof Prodi last night called the choice of Mr Lupo a "triumph of consensus which means that we have got professional managers rather than political appointments on the job."

Top Basque suspects detained

TWO OF Spain's most wanted Basque guerrillas have been detained, according to the police, Reuter reports from Madrid. They said policemen stoirmed their hotel room in Saragossa on Monday after spotting them in a road block in Barcelona, and seized 35 kg of explosives in their car.

The two are named as Ines del Rio, alleged to have been a leading member of the Madrid commando of the separatist group Eta, and Jose Luis Hermosa Urra.

Police at the road block noticed the pair had forged documents and followed them to Saragossa. There they were seen inspecting a car in a parking lot. The vehicle contained enough explosives to make two car-bombs.

In the Basque town of Durango yesterday a bomb badly damaged a transporter lorry and six French cars.

Rotterdam strike over

A six-month dispute over forced redundancies in the general cargo sector of Rotterdam, the world's biggest port, has ended with a deal between unions and employers, Reuter reports. The agreement lowers the voluntary retirement age of workers and will result in 870 leaving their jobs over the next three years.

Workers opting for early retirement will be paid 85 per cent of their current net salaries up to the age of 65. The two sides agreed to split the Fl 114m (£34m) cost of the scheme, with union members paying Fl 32m through a 1 per cent levy on salary, and the employers paying the rest. The agreement also calls for greater flexibility in work practices.

Soviet N-test

The Soviet Union conducted an underground nuclear explosion yesterday "in the interests of the national economy," according to the Tass news agency, Reuter reports from Moscow. The blast, in Siberia, had a total yield of up to 20 kilotons.

W German orders fall

West German manufacturing industry orders provisionally fell by a seasonally adjusted 0.9 per cent in May compared with April, after a revised-down 3.8 per cent rise in April, the Economics Ministry said, Reuter reports from Bonn. The ministry had provisionally estimated that orders rose by 4.8 per cent in April.

The Economics Ministry said domestic orders were unchanged in May from April's 2 per cent rise ond foreign orders dropped by 4 per cent after advancing by 7.5 per cent the month before. On a two-monthly comparison, which the Ministry regards as a more accurate barometer of trends, orders in April and May taken together against February and March rose by 2.5 per cent.

MPs threaten to block EC budget deal

BY QUENTIN PEEL IN BRUSSELS

MEMBERS of the European Parliament are threatening to block an emergency budget deal agreed by the 12 member states, if they are not given time to discuss the deal.

They are up in arms over an apparent threat by Denmark—currently in the chair of the EC Council of Ministers—to press ahead with the supplementary budget if the Parliament does not gives its opinion within 45 days.

The budget deal agreed last week would fill a spending gap of Ecu 6.3bn (£4.5bn) in the EC accounts this year, caused by a slump in revenues from the member states, and the soaring cost of farm export subsidies because of the declining value of the dollar.

However, the biggest part of the deal—switching from paying farm support to member states in advance, to paying it in arrears, producing a once-off saving of Ecu 4.2bn—will only be formally agreed by agriculture ministers next week.

The Parliament's budget committee wants a chance to discuss the entire package, which would only be in September, outside the 45 day limit set for it to give an opinion. If nothing is done in that time, the Council can assume the budget is approved.

Mr Jean-Pierre Cot, the chairman of the Parliament's budget committee, yesterday sent an urgent telegram to Mr Poul Schulueter, the Danish Prime Minister and acting president of the EC Council of Ministers, demanding an explanation and an asurance that the Council would not insist on a rigid interpretation of the rules.

MEPs said yesterday that if they do not get a proper chance to discuss the extra budget, there is a real possibility it could be rejected, plunging the Community once again into financial crisis.

Mr Jacques Delors, the European Commission president, has threatened to start cutting farm spending by 30 per cent, and other programmes by 50 per cent, from the end of the month if no supplementary budget has been agreed.

Moscow protests to Britain

THE SOVIET Union has protested to Britain over supplies of British-made Blowpipe anti-aircraft missiles to rebels fighting the Soviet-backed government in Afghanistan, according to the official Tass news agency, Reuter reports from Moscow.

Tass said British Ambassador to Moscow Sir Bryan Cartledge was summoned to the Foreign Ministry yesterday to receive the protest, which followed British press reports that London had supplied hundreds of the surface-to-air missiles to the rebels.

The protest said that despite repeated warnings, London had not only failed to end the shipments, but had sent British instructors to train the guerrillas how to use the missiles. It said the Blowpipes had been used against civilian planes.

"Thereby Britain practices complicity in the undeclared war against the people of Afghanistan, and performs actions aimed at undermining the national reconciliation process in that country," it said.

Questioned in parliament about the reports, British Foreign Secretary Sir Geoffrey Howe declined to comment but supported the principle of Western arms supplies to the rebels.

Afghanistan has accused guerrillas based in Pakistan of using US-supplied Stinger missiles to shoot down civilian aircraft. It has acknowledged that the planes bore military markings and could not be readily identified as civilian.

Britain has never confirmed its supplies of missiles to the guerrillas, although Afghan officials have displayed captured Blowpipes to Western correspondents visiting Kabul.

Austria's privatisation plans

BY OUR VIENNA CORRESPONDENT

THE Austrian Parliament has passed a controversial privatisation bill although in a much watered-down version.

The privatisation act, described by some economists as a compromise policy designed to placate the two partners in the "grand coalition"—the Socialists, who favour the state retaining control over the nationalised industry and the People's Party, which advocates a greater say for the market—is part of a long term programme to bring the state-run industries out of the red.

Under the new law, the share of OIAG, the holding company for the nationalised industries, will be reduced and several of the companies under its umbrella will be partly sold off to private or foreign partners. The sales are expected to bring in nearly Sch 5bn (£240m).

None of the companies will be sold off completely. OIAG will retain a 51 per cent share of the companies and in some cases even more. Less than a quarter of the shares of OMV, the successful oil and gas group will be sold off. OIAG, however, will be looking for partners to buy 49 per cent of the shares in a newly-formed pharmaceuticals company which will be split away from Chemie-Linz the parent chemicals and petrochemicals company.

"The amount of revenue earned from the sales will go nowhere near meeting the huge debts incurred by the nationalised industries over the past few years. At the mammoth parliamentary session late last week, it was agreed that the Government would provide a subsidy of Sch 32.9bn, part of which will pay off the debts, and about Sch 12bn will be earmarked for modernising and restructuring the OIAG companies. The Chancellor, Dr Franz Vranitzky has said that any additional financing will have to be found by the companies themselves after 1990.

Chirac gives warning on Iran links

By George Graham in Paris

MR JACQUES CHIRAC, France's Prime Minister, yesterday warned that he might break off diplomatic relations with Iran if there was no early solution to the dispute which has arisen between the two countries over the past week.

He said it was out of the question that the French police should drop their demand to see Mr Wahid Gordji, the Iranian official who has taken refuge in his embassy to escape questioning in connection with last summer's terorist bombings in Paris.

Mr Chirac ruled out any attempt to enter the embassy, which is under police surveillance, but warned that France was prepared to break off diplomatic relations to ensure that Mr Gordji appears for questioning.

"If Mr Gordji refused to come out, that attitude would have very serious consequences on the process of normalising our relationship with Iran. It is clear that we will not wait long, and that we will use all the means necessary so that justice can fulfil its task," Mr Chirac said in an interview with Le Monde.

Mr Gordji, officially described as an interpreter, does not have diplomatic status but is believed to be the de facto second-in-command at the embassy. French officials insist that he is wanted only as a witness.

Mr Chirac's government has tried, since it entered office in March 1986, to solve some of France's outstanding difficulties with Iran while preserving its relatively close link with Iraq.

Although the main financial dispute over the reimbursement of a $1bn loan from the former Shah to the French nuclear authority has been partially resolved, there has been little recent progress on securing the release of French hostages.

The discovery of close ties between Iran and the group of recently arrested Middle Eastern nationals accused of committing the bomb attacks which brought a dozen deaths in Paris last summer has further soured relations and brought the official suspension of the policy of normalisation.

Ryzkhov for talks on trade

BY JUDY DEMPSEY IN VIENNA

THE SOVIET Prime Minister, Mr Nikolai Ryzkhov, arrives here today at the start of a four-day official visit in which the 60-man delegation will focus on developing trade links between both countries.

During his visit, Mr Ryzkhov will have talks with Chancellor Franz Vranitzky and will meet President Kurt Waldheim.

Trade between Austria and the Soviet Union has been declining in recent years. Austria's exports to the Soviet Union totalled Sch 10.5bn (£502m) last year compared with Sch 13.4bn for 1985. Soviet exports to Austria have also been falling, from Sch 19.2bn in 1985 to Sch 12.5bn in 1986.

The Soviet Prime Minister will visit Voest-Alpine, the giant steel and engineering group which is based in Linz. Voest-Alpine traditionally has had close trading links with the Soviet Union. More than 70 per cent of its annual turnover comes from exports, of which more than a quarter go to the Soviet Union. The company has supplied equipment for sections of the Soviet gas pipelines as well as being involved in building steel plants in the Soviet Union. The question of joint ventures will be discussed between the Voest-Alpine management and the Soviet delegation.

Foreign policy, including East-West relations will be included in the agenda in talks between Mr Ryzkhov and Dr Vranitzky. A spokesman for the Chancellor said that the question of Austria's future relations with the EC will also be discussed. "We are going to approach this subject ourselves and spell out our objectives" the spokesman said, implying that the current interpretation of Austria's neutrality, signed by the Soviet Union, Britain, France and the United States in 1955, would also be discussed.

Malta set to move closer to the West

MALTA'S new conservative Government is expected to outline policies to move the island state closer to the West when parliament opens tomorrow, Reuter reports from Valletta.

The Nationalist government of Prime Minister Edward Fenech Adami has already said it plans to strengthen Valletta's relations with Washington and Western Europe, especially Italy which has promised Malta a $138m aid package.

Political sources said they expected Acting President Paul Xuereb to say just how the Nationalists plan to go about this when he announces government policy at the first meeting of parliament since the election two months ago.

The Nationalists won 35 seats in the 69-member parliament, ousting the socialist Labour Party which had ruled Malta for 16 years.

Labour, which had cemented links with Libya and Eastern Europe during its period in power, won 34 seats.

Ruhrkohle presses Bonn for clear policy on coal

BY DAVID MARSH IN ESSEN

RUHRKOHLE, the leading West German coal producer, has made a strong call for a government decision this autumn to secure the long-term future of the domestic coal industry.

Mr Heinz Horn, Ruhrkohle's chairman, told a news conference that the company could not accept any continuation of the present uncertainty affecting the country's coal mines.

In an impassioned plea for more public sector aid to ensure West German energy security in coal, Mr Horn urged the Bonn government to deliver "clarity" on coal policy after the doubts raised in the past few months. "If the answer is that we want less coal, then we are willing to take the consequences," he said.

Mr Horn was speaking at a news conference in which Ruhrkohle, 37 per cent owned by the energy conglomerate Veba, announced a 1986 loss of DM 220m (£73.8m) after a profit of DM 286m in 1985. Sales fell 9.2 per cent to 55m tonnes while production fell 1m tonnes to 57.7m, in both cases the lowest quantities since the company's foundation in 1968.

Reflecting the worsened sales position—a consequence above all of economic difficulties in the steel and electricity generating sectors— Ruhrkohle's coal stocks rose by 2.9m tonnes to 9.8m tonnes.

Mr Horn, who has come under strong pressure on account of demands from electricity utilities to increase the proportion of nuclear-generated current in coming years, said that sales this year were likely to fall to about 51m tonnes. Stocks in 1987 were likely to rise by a further 1.5m-2m tonnes, with the amount of short-time working likely to increase significantly.

Ruhrkohle is caught up in an intense political and economic argument about West German subsidies to maintain the country's uneconomic coal mines, which produce at well over double the world market price.

Mr Horn said the Government —which is being strongly influenced by a row over coal support policies among the Laender (federal states) — had to decide its priorities in order to end uncertainties about the industry's future.

He came out strongly against the idea of increasing West German coal imports, which he said would profit largely South Africa.

Ruhrkohle's workforce, which totaled 112,600 at the end of last year, is due to decline by a further 4,700 this year.

Prague to ease company rules

BY LESLIE COLITT IN EAST BERLIN

CZECHOSLOVAKIA is to revise several economic and labour laws as part of a Soviet-style reform programme to give companies more independence.

Mr Milos Jakes, the central committee secretary responsible for the economy, said that a previously announcd law on state companies would be presented to Parliament for discussion on July 18. The Soviet Union enacted legislation giving companies greater autonomy only last week.

He said the revised legislation would change the nature of central planning and would give workers more freedom of action. In foreign trade, companies are to be given authority to handle hard currency and will be able to retain more of it to modernise their export production lines.

Czechoslovak economics officials have said that the reforms are designed to end administrative management of the economy and replace it with "economic instruments." A so-called new economic mechanism, begun this year, is in an experimental phase in several companies and is to come into effect throughout the economy in 1991 at the start of the next five year plan.

The Czechoslovak State Planning Commission announced recently that economic growth next year is to be at least 3.5 per cent, the same target as for this year. Such goals are increasingly being criticised in the Soviet Union and some other Comecon countries as failing to reflect quality growth.

Seven states to benefit from development funds

BY TIM DICKSON IN BRUSSELS

NEW CARRIAGES for the Berlin regional metro system, the Costa del Sol and Andalusian highways in Spain, and a water purification plant near Cork in Ireland are among projects to benefit from an Ecu 392.94m (£275m) allocation of grants from the European regional development fund announced yesterday.

The money, which will be concentrated on infrastructure and industrial investments in seven member states, is expected to contribute to the direct creation of 3,781 jobs and to the preservation of 6,597 existing jobs.

The lion's share goes to Greece, Portugal and Spain, with almost Ecu 100m, Ecu 91.6m and Ecu 85.74m respectively. The Greek projects are largely designed to improve and modernise the country's telecommunications network.

Figures published yesterday show that the Italians have done best out of the fund so far in 1987, with total allocation of more than Ecu 261m, while Spain (Ecu 205.59m) and Greece (Ecu 171.71m) are second and third. Italy and the United Kingdom are the biggest beneficiaries over the period 1975 to 1987.

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Maurice Samuelson recently in Barcelona reports on a conference organised by an Italian 'think-tank'

Agreement on need for 'peaceful' Mediterranean

"MORE than 40 years ago, a handful of men of goodwill expressed their vision of a united Europe that would prevent the recurrence of destructive conflicts. There is no reason why men of goodwill should not act now in pursuit of their vision of a peaceful, integrated and prosperous Mediterranean."

In the light of present-day Mediterranean tensions, such a declaration – implying a southward extension of the European Community – smacks of "castles in Spain".

It was indeed hammered out at a royal palace in Barcelona after a discreet international colloquium last month. But there was nothing quixotic about many of its participants, who included senior politicians, diplomats, publishers, academics and businessmen from Europe, the Arab world and the US.

The two day meeting was held under the auspices of Aspen Institute Italia, a think tank sponsored by Ente Nazionale Idrocarburi (ENI), the Italian state oil company.

Its objectives blended well with ENI's bid to strengthen its presence in the Maghreb countries and Egypt through a series of joint ventures and with Italy's post-imperial version of Mare Nostra.

It was also a convenient personal platform for the institute's director, Mr Gianni di Michelis, the Labour Minister in the last Italian Government who was being strongly tipped as a possible foreign minister in his country's next Socialist-led coalition Government.

He seemed far from embarrassed at presiding over a gathering attended, among others, by Senator Gary Hart, senior US State Department officials, and an exotic mixture of personalities from Israel and several hard-line Arab states, even though some of the Arabs were studiedly oblivious of the Israelis' presence.

Some of the more scholastic participants deplored what they interpreted as ENI's self-interested promotion of joint ventures in oil-producing countries. The Italians for their part insisted that they simply wanted to enlist the rest of the EC in boosting industrial and agricultural self-sufficiency in the southern and eastern parts of the Mediterranean.

Whatever the motives of the organisers, there was little argument about the underlying trends in the area and the explosive implications of the Arab states rocketing urban populations, their falling oil revenues, and the need to create more employment to head off revolution.

The manifesto's call for greater-cross-Mediterranean co-operation was motivated not merely by a wish to please the Italian hosts but by genuine fear of Iranian-type fundamentalism entering other and Arab countries.

The effects of economic hardship in the Maghreb or Turkey were nothing new to France or to the Germans. French participants at the colloquium were all too conscious of the right-wing backlash to the North Africans in their country.

The trends were highlighted for the conference by the results of a long-term inter-governmental study known as the Mediterranean "Blue Plan", predicting a major switch in the balance of its population from the European countries on the north to those on the south and east.

It was left to energy economist Dr Robert Mabro of the Oxford-based Institute for Energy Studies, to point tentatively to ways of mitigating some of the tensions.

He did so by first identifying the needs both of the energy producing states and the energy importers and presenting a "shopping list" of ideas for consideration by all concerned. In the field of hydrocarbons, his list included:

- To study the potential of increased gas trade in the Mediterranean both between the south and the north and between the south Mediterranean countries.
- Study opportunities for gas development for internal markets in Tunisia, Syria and Egypt with the participation of European companies.
- Explore the prospects of an energy security pact involving an increase involvement of European companies in developing of oil resources in the south Mediterranean.

Although oil and gas ventures seemed mondane compared with the heady vision of a Mediterranean "Common Market", Dr Mabro's listeners needed little reminding that the EC itself was preceded by co-operation in the fields of coal and steel.

For most of the participants, it was not economics but all-too familiar plague of politics which clouded the prospect of Mediterranean co-operation.

Despite the noble language of the Barcelona manifesto, not all the conference participants felt able to support it in public. But at least they were there.

Professor Michel Grenon, director of the "Blue Plan" study centre near Antibes, France, reported dispassionately that according to new projections, the population of the Mediterranean countries by the year 2025 would range between 520m and 570m depending on the rate of economic growth.

Assuming the median figure of 545m inhabitants, the European countries of the Mediterranean – from Spain to Greece – would by that time represent only one-third of the total, compared with two-thirds in 1950 and about a half at the present.

In sharp contrast, the North African and eastern Mediterranean countries as far as Turkey and Syria would by 2,025 represent nearly two-thirds of the region's total populace, twice the present level and five times as big as in 1950.

Urbanisation, he forecast, would also continue apace: from 200m today to between the 2,025 figure of 377m and 443m. The difference between the upper and lower forecast levels was the equal of six or seven present-day Cairos.

No less chilling were the breakdown of national population forecasts presented by Florence University demographer Professor Massimo Livi Bacci. He said Egypt's population would be 86m by 2,020, Algeria would have 47m, Morocco 38m, and Syria 29m, Jordan 12m, and Israel 6m.

Sikhs massacre 72 Hindus in bus attacks

SIKH TERRORISTS launched a major and macabre offensive to press their demand for an independent homeland when they attacked two passenger buses in the Indian states of Punjab and Haryana in the past 24 hours and gunned down a total of at least 72 Hindus.

After they hijacked a passenger bus in the Punjab district of Patiala on Monday night and murdered 40 passengers, they repeated their attack in the neighbouring state of Haryana on Tuesday night, killing at least another 32 Hindu passengers.

In what is clearly the fiercest onslaught by the terrorists since they launched an armed offensive for an independent Sikh homeland they call "Khalistan," they have given notice that they will try to provoke a backlash with the aim of compelling a migration of Hindus from Punjab.

This is thought to be the main object of the latest outrage by the terrorists, against whom the central government and the Punjab administration have launched a major offensive since New Delhi took over the government of Punjab, after dismissing the moderate Sikh Government in May.

To prevent a backlash, the Government ordered the army to stand by at vulnerable points in New Delhi and the northern state. There could be trouble today when angry opposition parties have called a protest general strike in Punjab and other neighbouring states.

The first massacre, the worst since Sikh extremists launched their violent movement five years ago, took place after five terrorists hijacked a passenger bus in Patiala district of Punjab, drove it to a lonely road and then opened fire indiscriminately on Hindu passengers.

Hindus numbering 38, including men, women and children, were killed instantly and two of the injured died later in hospital.

Early reports of the second massacre claimed that terrorists attacked passengers in a bus near Fatehbad Town in Haryana.

The possibility of a backlash is real. A shocked Mr Rajiv Gandhi, India's Prime Minister, condemned the "inhuman butchery" and said this "should redouble our resolve to fight against the extremists."

Mr Gandhi is particularly vulnerable as maintenance of law and order is his direct responsibility after he dismissed the moderate Sikh Government in Punjab in May for precisely the reason he is now being severely attacked: a failure to check terrorism.

Amnesty in Korea set for tomorrow

PRESIDENT Chun Doo Hwan will grant amnesty to Mr Kim Dae-jung this week, possibly tomorrow, the day a student protester killed by riot police is to be buried, a Justice Ministry official said, Reuter reports from Seoul.

The official said Mr Kim and about 2,000 others convicted of political offences would be pardoned and have their civil rights restored under a reform package President Chun approved last week to quell countryside civil unrest. Mr Kim is barred from politics under a 1980 military court conviction for sedition.

The main dissident grouping said last night it planned to take part actively in tomorrow's funeral ceremonies for Lee Han-yel, 20, a Seoul student demonstrator fatally injured by a police teargas shell, who became the symbol of their fight for democracy.

The National Coalition for a Democratic Constitution, organiser of three big street rallies in June which led Mr Chun to concede free elections, amnesty for Mr Kim and release of political prisoners, earlier planned to make Thursday another "day of protest."

But a Coalition spokesman said last night the movement had decided not to harm the dignity of the funeral rites.

Taiwan poised to end martial law decree

BY BOB KING IN TAIPEI

THE NIGHTLY television newscast on the Taiwan Television Service opened yesterday with a low-key statement by the announcers "Viewers, we have some very important information tonight."

With that announcement, most people in Taiwan learned that, after 38 years, parliament had approved a recommendation by the cabinet to end martial law.

Parliament's decision does not mark the official end of martial law. That will come as soon as President Chiang Ching-kuo, the son of Generalissimo Chiang Kai-shek and the author of Taiwan's current political reforms, officially promulgates the decision.

Ironically, the elder Chiang declared martial law here in 1949, shortly after his Nationalist forces were defeated by Mao Tse-Tung's communists in China.

But for all practical purposes, the parliamentary vote marks the end of a 15-month-long process that began in March, 1986 with Mr Chiang's appointment of a select committee to examine several sensitive topics, including martial law, and recommend changes.

That process has been marked by acrimony and heated debate, as arch-conservatives struggled to maintain their power bases and an often unco-ordinated opposition fought to ensure that martial law ended in more than just name.

The process has seen the rise of a new political party – illegal under martial law – and to a certain extent the polarisation of the ruling Nationalist Party into progressive and conservative camps. It has also seen fist-fights in parliament and demonstrations, sometimes violent, in the streets of Taipei.

Sceptics still ask how much difference the ending of martial law will make here, despite the ruling party's assurances that the change marks the beginning of rule of law and of democracy.

The opposition notes, for instance, that the Government insisted on the passage of a new National Security Law before it moved on to the abolition of the martial decrees, and claim that the new law is martial law in disguise.

At the same time, many older people who fled to Taiwan with Chiang's Nationalists in 1949 remain quietly apprehensive about the new state of affairs. They fear that the absence of martial law could destabilise Taiwan; some even fear that native Taiwanese, who by far comprise the majority here, could attempt a violent overthrow of the government without martial law to restrain them.

The fears of both groups are likely greatly exaggerated. Items contested by the opposition in the new security law, for instance, include guidelines for new political bodies, and the absence of appeals procedures for civilians previously convicted by military courts.

But the guidelines are not especially restrictive, and Mr Chiang yesterday instructed the cabinet to begin reviewing the cases of roughly 200 civilians still held in military prisons. Of this number, Amnesty International recently estimated that fewer than 30 could be called political prisoners.

The government has also begun dismantling "emergency decrees" issued under martial law, curtailing the activities of security personnel, and reviewing regulations such as those limiting freedom of the press.

The fears of ageing "mainlanders" who came from China with the government may be more difficult to deal with. Most arrived believing that Chiang Kai-shek and his forces would soon return to China and rout the communists. Many did not put down roots in Taiwan or even attempt to learn the local dialect.

Over the years they have seen the younger Chiang's programme of "Taiwanisation" increasingly place Taiwanese, rather than mainlanders, in key government posts.

Iran ordered to pay Sedco record claim

BY LAURA RAUN IN AMSTERDAM

IRAN was ordered by the Iran-US Claims Tribunal yesterday to pay about \$114.5m in compensation to Sedco, an oil drilling unit of Schlumberger, the biggest commercial award ever made by the arbitration panel.

Sedco had accused Iran and the National Iranian Oil Company, with which it had a joint venture, of breach of contract and expropriating oil drilling equipment and had demanded \$68.5m in damages plus interests.

Then owned by Governor William Clements, Sedco pulled out of Iran in 1979 amid the turmoil of the Khomeini revolution.

The Iranian judge on the three member panel hearing the case dissented from the judgment on expropriation and compensation grounds and accused a fellow Swedish judge of "blatantly biased practices" towards the US.

Mr Parviz Ansari, the Iranian judge, requested that the Escrow agent, the Algerian central bank, refuse to make payment but the bank is expected to do so anyway based on precedent.

The claims tribunal was established in 1981 under an Iran-US accord ending the prolonged US hostage crisis and accepted 4,000 claims by companies, individuals and governments of both countries arising from the Iranian revolution.

The biggest commercial award before yesterday was \$75m in compensation to American Bell International, an AT&T subsidiary, awarded last year.

About \$865m has now been awarded to US interests and \$514m to Iranians in the approximately 900 cases that have been heard.

The Sedco case is the longest and perhaps most controversial argument so far in the tribunal because of its size and precedent-setting nature.

Two years ago the Swedish judge involved in the case was badly beaten by two Iranian colleagues and the proceedings have been often delayed.

The Sedco case is expected to set a precedent for several forthcoming even bigger cases.

An interim decision without monetary award is expected next week in the largest case so far, a claim for more than \$1bn by a consortium of US companies seeking compensation for alleged expropriation of oil exploration rights.

A final award also is expected next week in a \$300m claim by Amoco, the US oil company, for alleged expropriation of a petrochemical joint venture with a NIOC subsidiary.

In the autumn Amoco will present another claim for more than \$1bn for damages allegedly arising from expropriation of petroleum exploration rights in Iran.

Israeli water plan angers Palestinians

BY ANDREW WHITLEY IN JERUSALEM

AN ISRAELI plan to draw water from a large underground aquifer in the West Bank, to supply Jerusalem and Jewish settlements in the occupied territory, has aroused anger and fierce opposition from Palestinians.

Mr Hanna Siniora, editor of the Jerusalem daily Al Fajr and a prominent Palestinian nationalist, yesterday attacked the proposal. He said that at a time when Palestinians were not permitted to dig artesian wells, the biggest project of its kind was going ahead without any consultation with the local people.

Since time immemorial, water has been at or near the centre of conflicts in the Middle East. But the 20-year-long occupation has given an additional dimension to this thorny issue, especially in the light of the Arab population explosion and the expansion of water-intensive market gardening since 1967.

Under plans approved late last month by Mr Yitzhak Rabin, the Defence Minister responsible for the occupied territories, the Israeli water authorities will extract an estimated 18m cubic metres of water a year from an aquifer near Bethlehem, using new deep-drilling techniques.

A US oil drilling company, Moriah, has been contracted to handle the work at Herodion, which could start as soon as this autumn if legal challenges raised by West Bank municipalities fail.

Noting that Bethlehem and its adjacent townships, Beit Sahour and Beit Jalla, located on the edge of the Judean Desert, are already suffering from water shortages, Mr Elias Freij, the long-serving Bethlehem mayor, said the plan "threatens our very existence." Mr Freij has said he may petition the Supreme Court in Jerusalem to intervene

Already, according to the English-language Jerusalem Post, 42 per cent of the estimated 100m cubic metres of water pumped in the West Bank goes directly to the Jewish settlements dotted across the terrain. With their modern lifestyles, the settlers tend to be much heavier domestic water consumers than their Arab neighbours.

Mr Shimon Peres, the Israeli Foreign Minister, and President Hosni Mubarak of Egypt are to meet in Geneva either today or tomorrow to discuss the next moves towards an international peace conference on the Middle East, the Egyptian Ambassador to Israel confirmed yesterday.

Israelis kill 5 in Lebanon

ISRAELI troops killed at least five Shia Moslem guerrillas during 16 hours of clashes north of Israel's self-declared security zone in southern Lebanon, an army spokesman said yesterday, Reuter reports from Tel Aviv.

State radio reported that nine guerrillas were killed in the gun battles on Monday near the village of Yater, south-east of Tyre and five miles north of the Israeli border.

Asked about the radio report, the army spokesman said: "It is possible there were other bodies. Perhaps there were other casualties we did not see. It was dark."

Military sources said the clashes began yesterday morning when dozens of guerrillas fired mortars and rocket-propelled grenades at a position overlooking Yater manned by the Israeli-backed South Lebanon Army militia. There were no Israeli casualties.

Cardinal Sin to pay visit to Lithuania

BY RICHARD GOURLAY IN MANILA

CARDINAL SIN, the leader of Manila's Roman Catholic Church, will make a historic journey to Lithuania, the centre of catholicism in the Soviet Union, during a 12-day visit starting today.

The visit is ostensibly to celebrate the 1000th year anniversary of the Russian Orthodox Church.

Pope John Paul II was refused permission three years ago to visit Lithuania, where Roman Catholicism has remained strong throughout the period of Soviet control.

As soon as the Pope learned of the Russian Orthodox church's invitation, he asked Cardinal Sin to request a visit to Lithuania, said the Cardinal's spokesman.

The Philippine church sees the relaxation of Soviet attitudes to Catholic Lithuania as a reflection of its attempt to open its doors.

"It is part of their publicity campaign that they are waging now to show they are not as closed or as forbidding as before," the spokesman said. Cardinal Sin described the journey as a "Historic pilgrimage of love and friendship."

During the visit that also takes him to Leningrad, Kiev and Riga, Cardinal Sin hopes to say mass in Vilnius and Kaunas in Lithuania. The country has at least 3m catholics.

Church sources in Manila said no prelate had visited the Soviet Union, as opposed to the Soviet bloc, since the Russian revolution in 1917.

Cardinal Sin has become a peripatetic emissary for the Vatican in the communist bloc.

In 1984 the Pope picked him to visit China where he tried and failed to contact the underground priests who were jailed for their faith.

He went ostensibly to retrace his family roots. At that time he likened his visit to a young man courting a girl for the first time – "you do not make overtures."

A spokesman said the Cardinal saw his first trip to the Soviet Union in a similar light. He will return for a second visit to China in November.

The invitation was made in February from the Russian Orthodox church through the office of External Religious Affairs.

AMERICAN NEWS

Conflict grows over Brazil's draft constitution

BY IVO DAWNAY IN RIO DE JANEIRO

CONFUSION is mounting over the laborious drafting process for Brazil's new constitution with clear spirits still in evidence over the length of the president's term of office and the choice between a presidential or parliamentary system.

Conflicts over the document's shape have led some eminent congressment to call for a breathing space in the drafting process to allow the assembly to debate the deteriorating economy and growing political tension in the cities.

Sen Jose Richa, a former governor and conflict of President Jose Sarney, urged the break last week. But the move was rejected by Mr Ulysses Guimaraes, president of the dominant Democratic Movement Party (PMDB).

Public dissatisfaction with politicians has been clearly demonstrated in recent weeks with the stone-throwing attack on President Sarney and the burning of 20 buses during a riot in Rio last month.

Yesterday *Sao Paulo* newspapers reported the plundering by mobs of six supermarkets and attacks on two others. Similar raids have been witnessed elsewhere in the country.

Last night, Brasilia was preparing for what was scheduled to be the first major demonstration in support of a cut in the President's term from the six years he is entitled to under the old constitution to four years. Mr Sarney himself has declared that he will govern for five years, surrendering office in 1990.

Resolution of the issue is due to come through the Constitution drafting process. A clue to the mood of the general public should emerge next week in a national convention of the broadly based PMDB, whose Congressmen hold 305 of the 559 seats.

A progressive wing of the party, led by Sen Mario Covas, the PMDB leader in the assembly, favours a four-year term and a parliamentary system of government. The conservative faction appear to back a five-year term and greater presidential powers, leavened by a stronger role for Congress.

Mr Guimaraes will attempt to hold these two wings together when the convention meets, but analysts believe that if it comes to a conflict the "progressives" will prefer to be voted down rather than forced out of the party.

Sen Covas clearly favours taking the PMDB into outright opposition thereby disassociating the party from the tough economic austerity measures now being imposed, but he is thought to command only some 62 Congressional votes.

In the interim, Congressmen must work through a draft constitution containing over 500 articles

Pinochet to shuffle cabinet

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet of Chile has ordered his entire cabinet to resign, after several weeks of speculation that the régime would soon make new ministerial appointments to enhance its chances of winning the presidential plebiscite scheduled for late next year.

The regime customarily reshuffles its cabinet by instructing all ministerial officials to resign. Then new cabinet members are sworn in and the resignations of those ministers who are to remain in their posts are rejected.

General Pinochet is scheduled to review the Chilean army's officer corps next month, anouncing promotions, tranfers and retirements. Last month authorities announced the retirement of two generals occupying strategic government posts, and the regime is expected to move the most unquestionably loyal officers to positions of greater inflence.

According to the constitution the four-man military junta which acts as a legislative body under General Pinochet will select a candidate in a "yes or no" plebiscite for an eight-year presidential term.

Soviet hopes of launching US satellites dashed

By Peter Marsh

THE US Government has dashed hopes of the Soviet Union that it would be allowed to enter the potentially lucrative business of taking US-built satellites into orbit.

Over the past two years, Glavcosmos, the Soviet civilian space authority, has tried to persuade Western companies to take advantage of cut-price launch offers involving Soviet Proton rockets.

Such launches would have meant US companies sending their satellites to the Soviet Union's main space centre at Baikonur in central Asia.

The State Department has now ruled that it will not waive arms-control regulations prohibiting the export to the Soviet Union of the electronic systems used in spacecraft.

Several US companies, including Hughes Aircraft and GTE, have considered the Soviet offer. Over the past 18 months, technical problems affecting the US space shuttle and Western Europe's Ariane rocket, the West's main launchers, have grounded these systems, causing a queue of companies and governments with satellites they want taken into space.

The State Department ruling effectively stop Glavcosmos's marketing efforts in the US and also make it more difficult for the Soviet Union to win launch orders elsewhere. Many satellites built outside the US contain US-made components which will be covered by the arms-control regulations.

Soviet officials have argued that applying these regulations to transfer of satellites to Soviet launch sites is absurd. They have offered to permit guards from the US to accompany satellites to ensure that Soviet technicians do not tamper with spacecraft prior to launch.

Glavcosmos has offered to take satellites into space for as little as $10m a launch, compared with the comparable price of $40m-$50m for Ariane or the shuttle.

The State Department decision may anger the Soviet Union, but it will please several US companies which themselves are attempting to enter the launcher business. General Dynamics, Martin Marietta and McDonnell Douglas are all trying to sign up customers for satellite launches, starting from next year.

North pledges to tell the 'good, bad, and ugly'

BY LIONEL BARBER IN WASHINGTON

AS MARINE Lt-Col Oliver North rose to take the oath yesterday, the cameras clicked in the Senate caucus room like a hundred cicadas. A slightly built man, Col North had none of the physical presence of someone who has been described a sthe central character in America's worst political scandal since Watergate, but his testimony was riveting.

In three hours of often barbed exchanges with his interrogators on the house Senate select committee investigating the Iran Contra affair, Col North described how he shredded hundreds of vital documents relating to the affair and how he participated in a cover-up involving some of President Reagan's most senior officials.

But Col North refused to play the fall guy. "I was not the lone wolf creating paper," he almost shouted before the committee an dthe TV cameras broadcasting yesterday's proceedings live. "I sought approval for every one of my actions."

Col North did indeed generate a great deal of paper during his five years as a middle ranking official on the National Security Council staff at the White House between 1981 and 1986. Throughout that time he was involved in some of the Reagan Administration's most sensitive covert operations+ efforts to free American hostages in Lebanon, anti-terrorism, and most controversial of all, the secret army of the Nicaraguan Contra rebels using funds generated by secret US arms sales to Iran.

Yesterday his lawyer, Mr Brendan V. Sullivan, complained that he had had insufficient time to examine the hundreds of different documents writte nby Col North and in the first of a series of clashes with the committee chairman and Watergate veteren, Senator Daniel Inouye, he said the documents amounted to five boxes the height of Col North.

Earlier he asked if Col North could rea dout a brief statement to the committee. Senator Inouye said such a statement should have been delivered to the committee 48 hours in advance: "Here once again the Col is asking us to bend the law and to suggest that he may be above the law."

Over the next three hours the Senate caucus room often turned into something akin to a New York criminal courthouse with Mr Sullivan interjecting with a quickfire "objection" as Mr John Neilds tried to establish whether Col North was acting with the knowledge and authority of President Reagan. For the first time in nine weeks of hearings, Senator Inouy ehad to use his gavel.

Col North was anxious to clear his name and to destroy what he described as the myths surrounding his role at the NSC. "People used to walk up to me and tell me what a great job I was doing," he said in a flash of emotion.

It was not true, he said, that he was a loose cannon on the deck of state working out of the basement in the White House. "It must have been the only third floor basement in Washington."

What emerged was a portrait of a true believer, a man who believed that he was serving his President and his country in the fight against Communism. Only the next three days, however, will reveal whether Col North sticks to his pledge to tell the truth, "the good, the bad and the ugly."

Ivo Dawnay reports on the balancing act performed by the Brazilian labour movement

Unions find the Government plays rougher

BRAZIL'S EMBRYO free trade union movement is walking a tightrope. For while there have been few periods of *greater freedom for organised* labour in the country's history, the prevailing economic and *political winds* are *blowing* ferociously.

On one hand, activist workers are seeking real gains through militant action. On the other, the leadership must ensure that it does not so alienate the establishment that it loses key concessions on union rights, now under debate in the constitution-writing process now under way.

Twice in the past 12 months, leaders of the two main confederations, the left-wing Central Unico does Trabalhadores (CUT) and the more centrist Confederacao Geral dos Trabalhadores (CGT), have attempted to halt the country. Both times they failed.

Now, with perhaps the most serious threat to their members' purchasing power coming this month in the Government's unilateral decision to end inflation-indexed salaries, a new one-day general strike has been called for August 12. At its root is the fall in the minimum salary — a benchmark for most earnings — now below $40 a month after nearing $60 during the height of last year's now defunct Cruzado Plan economic programme.

But there seems little union optimism that this latest challenge can be met with any really effective stoppages. Each time, it seems that the Brazilian unions need to demonstrate *public workers' outrage*. They end up showing their lack of muscle.

At the same time, the Government's tolerance for union activity is finite. Earlier *this year, military* units occupied port and oil refinery facilities threatened by strike action in a show of force that demonstrated that there are limits beyond which it will not go.

Claims that CUT activists were behind the recent stoning of a bus carrying President Jose Sarney, and the consequent invocation of a national security law against the perpetrators, has further underlined the point: when militant labour plays rough, the Government will play rougher.

Why, though, in the most heavily industrialised country in the South American continent, have the unions proved so weak?

In part, the answer lies in Brazilian history. The original unions were devised and organised from above on the Mussolini model by the populist government of Getulio Vargas. The old leaders traditionally viewed themselves not as a lobby, but as part of the Government.

Under the 21-year military dictatorship, swingeing laws allowed the banning of strikes in any sector deemed to be "an essential industry" and their organisers could be dismissed without compensation. These labour code provisions are still in force today and could be maintained in the constitution now being written.

Brazil

It was only in the late 1970s in a series of potent strikes by metalworkers in Sao Paulo's automobile industry, that new independent organisations emerged, untainted by government privileges and finance.

But what the old unions have, at least for the present, is the security of financing laws that allow them a healthy slice of the *imposto syndicato* or union tax of one day's pay per worker per year, shared out annually by the Labour Ministry.

For new activist unions like Cut, voluntary contributions pay for only some 200 permanent staff to serve an affiliated membership running into hundreds of thousands and spread over a country substantially larger than the mainland USA.

A second major problem lies in the political geography and demographics of Brazil. In the industrial regions of Sao Paulo and Rio the vertical organisation of unions by industry allows a fair degree of control. But elsewhere an anarchic labour market conspires against effective organisation.

Some economists calculate that only 25m of Brazil's 70m-odd workforce are within what in Western eyes would be described as a formal economy. The remainder scrape a living on odd jobs, seasonal or piece work or no work at all.

Despite these drawbacks, both Cut and CGT have made significant progress both in recruitment and organisation.

Essentially, Cut is both the more Marxist and more dynamic of the two groups. It is linked unofficially to the openly ideological Workers' Party, founded by the celebrated strike leader Lula.

The CGT, more traditional in image, is not ashamed to have links with the AFL-CIO training programmes and claims a more effective record at collective bargaining through compromise and negotiation.

Both sides have a common purpose in the lobbying of the constitutional assembly, however—and so far they seem to have pulled off a remarkable success. With only 16 genuine working class members, Brazilian Congressmen have nonetheless voted to cut the working week from 48 hours, the longest in the continent, to 40 hours.

In addition, the group drafting the constitution's social affairs clauses has also won formidable job security guarantees ensuring virtual assured employment for anyone holding down a job for a year.

But the heavy emphasis of the full Congress to the centre-right and the power of the Sao Paulo business lobby looks almost certain to reverse these when the last draft goes to the vote.

Nevertheless, the major prizes—the right to strike and the right to organise—now look assured in the final document. Last month, Mr Jair Meneguelli, Cut's president, was highly sceptical that even this amount of progress could be made in the prevailing political climate.

"In my view, there exists only one way that we can get advances—that is to increase our capacity to organise and get people in the street," he said.

The next test of that capacity comes in August, but it will not be passed by numbers alone. A major demonstration could win concessions on salaries, but if it is accompanied by violence and disorder, the unions will pay a heavy price when Congress comes to vote on their constitutional rights.

US plan to end subsidies would be boost for Reagan

BY NANCY DUNNE

THE comprehensive plan laid out on Monday by the US for the elimination of subsidies and barriers in agriculture trade, if it succeeds, would be a major policy triumph by an Administration which of late has been considerably short of success.

It has been six years since American officials began railing against export subsidies, particularly those of the EC and to a lesser extent Brazil's.

US farmers were tumbling into the deepest agricultural depression since the 1930s, while they were squeezed out of market after market by a lethal combination of the soaring dollar, high price supports and the subsidies offered by their competitors. In conference after conference, EC officials insisted that the Common Agricultural Policy (CAP)—and its export restitutions—could not be altered, that it was the glue that bound the EC together.

Prodded by Congress and pushed by political necessity, the Reagan Administration reluctantly dug in its "deeper pockets" and countered with its own subsidies, under the three-year $1bn Export Enhancement Programme (EEP). The scheme has targeted EC markets directly, making considerable headway in the Middle East and Northern Africa.

In Egypt, US subsidies swept up the EC-dominated wheatflour market in 1985 and 1986 and moved in its own long-excluded wheat. It came up against the Community again in Algeria, taking a big chunk of the market with an EEP sale of

President Reagan

600,000 tonnes of durum. In Morocco, where US wheat had been acceptable only as food aid, the EEP struck again with sales of 2m tonnes. The scheme has not been without cost. The "non-subsidising" grain producers, Australia and Canada, have often been caught in the line of fire—particularly in Egypt and China.

Meanwhile, the cost to the EC has been great as the cost of export restitutions has risen steadily. The final blow to US competitors has been dealt by the 1985 farm bill, which has shoved down prices so that even the unsubsidised grain found buyers. This year, for the first time since 1980, the volume of US exports is on the rise.

The cost of US grain competition has been devastating to US farmers. Seven hundred thousand were forced off their land between 1980 and 1985, and thousands have gone bankrupt since. Now, the US Department of Agriculture is seeing signs of recovery, and the pain of world oversupply is spreading to Europe. The US proposals for agricultural trade in the Gatt are unlikely to save any farms anywhere. And the dislocations caused by subsidies and quotas and non-tariff market barriers make the future unpredictable.

American farmers are used to considering themselves the most efficient in the world but because of the considerable advances made in farming techniques elsewhere they can no longer be certain of this.

The only certainty now is that the imposition of some order on agriculture trade would untangle the current plethora of farm disputes and could lead to the avoidance of new ones. If indeed the Reagan Administration succeeds in its long-range quest, and this will prove most difficult, then it will leave behind an achievement that may well be one of its most enduring.

● Senior US and European Community officials opened talks yesterday on agricultural trade matters, including a new US proposal to phase-out farm subsidies and several bilateral disputes.

William Dullforce looks at a US offer that shook delegates by its sheer scope

Chance for farm pacts to last 100 years

THE US dropped a blockbuster into the talks in Geneva on the reform of agricultural trade with its proposal on Monday to eliminate by the end of the century all forms of government support for farm production.

Clearly aimed to force the negotiations into action, the US offer shook delegates by its sheer scope. It gave them the chance to strike agreements that would last 100 years, Mr Daniel Amstutz, US Agricultural Under-Secretary, told them.

The application of free market principles to extravagantly subsidised, grossly overproducing world agriculture would be to almost everyone's advantage—taxpayers, consumers and the 80 per cent of the global population living in the Third World, Mr Amstutz and Mr Michael Smith, Deputy US Trade Representative, claimed. *It could* even open fresh opportunities for specialty and part-time farmers, Mr Amstutz suggested.

The audacious proposal that coverage should be extended to foods, beverages, fish and forest products was necessary to avoid the diversion of resources to sectors where trade-distorting subsidies might still be operating. It would also prevent the shifting of protection from unprocessed to processed products, Mr Amstutz explained.

The three core actions—removal over 10 years of all subsidies affecting trade, the elimination of all import barriers over the same period, and the harmonisation of health regulations—would have to be applied simultaneously, the US officials stressed.

Dismantling import barriers would meet some countries' contention that reform is impossible until market access has been assured.

Europeans have argued that subsidy regimes cannot be dealt with effectively until the current huge surplus stocks have been done away with. World grain stocks equal about 25 per cent of global annual consumption and the European Community's butter mountain would meet about nine months of domestic consumption.

In answer to this argument, the US plan would freeze shipments made with the help of export subsidies at their present levels and phase them out gradually over the 10 years.

Abolition of domestic farm support programmes was at the heart of the US proposal, Mr Amstutz said, but could only be addressed when the question of international fairness had been resolved. It would be ludicrous to ask farmers to accept drastic changes in domestic supports unilaterally. Domestic change had to be undertaken in international concert.

Application of free-market principles to extravagantly-subsidised, over-producing world agriculture would be to almost everyone's advantage—taxpayers, consumers and the Third World, Mr Daniel Amstutz (left) claims

Bilateral disputes over farm trade, notably between the US and the EC, were likely to continue until agreement on reform had been reached, Mr Smith said. Governments should have the sense to look for quick solutions.

Suggestions from Argentina and other countries that the US proposal could be complemented by a ceasefire or short-term solution in the export subsidies war were dismissed by Mr Smith.

Any short-term action on subsidies would have to fulfil the three main items in the proposal. There was also a danger that countries would be satisfied with a ceasefire and not tackle the root cause of the farm trade malaise.

Developing countries would benefit particularly from the US proposal, according to Mr Amstutz. The abolition of subsidies in the developed nations would remove that disincentive to Third World farm production from current dumping of subsidised exports.

Removal of import barriers in the industrial countries would give the developing countries the outlets for their farm produce.

Mr Smith took issue with the "special characteristics" argument propounded by Japan, the Nordic countries and Switzerland to justify their protective farm regimes.

"Special" treatment was at the heart of the international farm trade problem: it was almost the "worst enemy" to Third World aspirations.

Europe should not count on US policy being changed when a new president takes over in 1989, Mr Amstutz said. The US proposal had been ventilated in House and Senate committees before being presented in Geneva and none of the current seven Democrat contenders for the presidency had contradicted the thrust of the Reagan Administration's farm policy when quizzed on American television.

The US still hopes that *agreement on agricultural reform* can be reached in the General Agreement on Tariffs and Trade (Gatt) by the end of 1988 but it is no longer emphasising its earlier demand to put agriculture on the fast track in the Uruguay Round.

The EC is still unwilling to single out agriculture for special treatment in the round but, Mr Smith pointed out, the US proposal lent itself to fast-track treatment, the need for reform was urgent and the negotiations should evolve over the next six months.

GM plan for Egypt car plant in jeopardy

By Tony Walker in Cairo

GENERAL Motors' plans to assemble passenger cars in Egypt have run into serious difficulties.

The $300m showcase project that was billed when it was announced in June, 1986 as the most important single US industrial investment in the future of the country is in jeopardy.

US and Egyptian officials say that negotiations have been suspended for the time being. Mr Helmy Zaky, head of the passenger car division at the el-Nasr Automotive Manufacturing Company (Nasco) was quoted recently as saying the project was frozen.

A stumbling block has been the price at which GM-supplied Ascona and Corsa cars would come on to the market. The depreciation of the Egyptian pound and the strength of the D-Mark—Opel of Germany was to have supplied kits—has contributed to a sharp increase in projected price.

A GM proposal that it supply the Brazilian-manufactured Chevette as a possible substitute for the 1600 cc Ascona has been turned down.

It was planned that the first Asconas and Corsas would be rolling off the production line at Nasco's Helwan plant by the middle of this year but that timetable is now in shreds.

US diplomats in Cairo are worried about a possible negative impact on official relations if the well-publicised project collapses altogether. There was a strong domestic lobby who argued against GM winning agreement to assemble cars in Egypt on the grounds that its proposal was too complex.

This lobby favoured continuing with Fiat which had assembled relatively low-cost vehicles in Egypt for a number of years. GM won the support of influential figures in the Cabinet, such as Abdel Halim Abu Ghazala, the powerful Defence Minister, by proposing the establishment of a network of feeder industries to support the main project.

Japanese angry at EC chip inquiries

By Carla Rapoport in Tokyo

JAPANESE industry executives yesterday reacted angrily to the EC's latest anti-dumping inquiries aimed at certain types of semiconductor chips and compact disc players.

The EC's investigation of alleged dumping of dynamic random access memory chips brought a sharp response from the Japanese. This is because Europe is already contesting validity of the US-Japan semiconductor trade pact at the General Agreement on Tariffs and Trade (Gatt). The bilateral trade pact, which regulates Japanese memory chip prices in the US and third-country markets, has raised prices of Japanese chip exports in the year since it was signed.

"We are not dumping low-price chips in Europe," said an executive at one of the major chip makers yesterday. However, if the Gatt challenge to the US-Japan chip pact succeeds, the pact could fail and prices could go down again, according to government and industry officials.

On the question of dumping compact disc players, Japan's Electronic Industry Association yesterday said that the problem is not industry-wide. If it exists at all, it was due to a perception gap on pricing, according to the association.

Norway-US check on high-technology sales

NORWAY and the US have agreed to form a joint committee to assess damage to Western security caused by sales of sensitive technology to the Soviet Union, defence officials said yesterday, Reuter reports

The committee would also examine the North Atlantic Treaty Organisation's anti-submarine warfare capabilities after computer software sales by the state arms manufacturer Kongsberg Vaapenfabrikk (KV) enabled the Soviet Union to build almost silent submarine propellers, the officials said.

GEC subsidiary gains HK$250m tunnel orders

BY DAVID DODWELL IN HONG KONG

GEC Hong Kong, a wholly-owned subsidiary of GEC of the UK, was yesterday awarded eight contracts worth more than HK$250m for electrical and mechanical works linked with road and rail sections of Hong Kong's second cross-harbour tunnel.

The tunnel, known as the Eastern Harbour Crossing, is a HK$3.4bn project linking the eastern part of Hong Kong Island with the Hong Kong mainland to the east of the Kowloon Peninsula. It is due to be completed in 1989.

Principal contractor for the project, Kumagai Gumi of Japan, has also appointed GEC Hong Kong as coordinator for a further 18 subcontractors. The contracts will provide GEC with about 28 months' work, and at their peak will involve about 500 GEC staff.

The road section of the new tunnel will be 2.1 km long, while the rail section, which will carry a new branch of the Mass Transt Railway, will be 6 km long.

The project is a private sector joint venture in which the road tunnel is the responsibility of a consortium that calls itself the New Harbour Tunnel Company, while the rail tunnel is to be operated by the Eastern Harbour Crossing Company. Equity financing for the joint project is being provided by a consortium of about 50 members from the US, Japan, Britain, Hong Kong and China.

The road and rail tunnel is expected to bring urgently needed relief from congestion in Hong Kong's existing four-lane cross harbour road tunnel, and will be funded entirely out of road tolls and a lease agreement with the Mass Transit Railway Company.

GEC Hong Kong has been closely involved with previous tunnelling projects in Hong Kong, working on all previous stages of the Mass Transit Railway, and providing environmental and traffic control systems on the Aberdeen road tunnel on Hong Kong Island.

UK NEWS

PRIVATISATION IN SIGHT FOR 1990 'OR SOONER'

British Steel lifts profit to £178m

BY NICK GARNETT

BRITISH STEEL Corporation took another major step towards privatisation yesterday when it declared a bottom line profit of £178m for the year to March, making it at the moment probably Europe's most profitable integrated steel producter.

This followed a profit after all charges of £38m last year, the first bottom line profit for 10 years during which the Government pumped in support worth more than £7bn.

The corporation made an operating profit of £228m before interest and exceptional items on total sales of £3.46bn and has secured virtual financial self-sufficiency.

All its businesses are now in profit except its seamless tubes business which made a loss of more than £30m. Exports rose 42 per cent to take a 38 per cent share of all sales.

Sir Bob Scholey, the corporation's chairman, said that 1990 would be the likely privatisation date though if the Government wanted to do it sooner he would be "delighted." The Government indicated recently that BSC would not be an early candidate for privatisation.

Sir Bob reaffirmed that the corporation needed to make regularly another £100m a year profit on top of what it had already achieved, partly to cover the £250m a year rolling capital programme it says it needs to maintain its competitiveness and to demonstrate a profit track record.

The BSC board is now looking at a number of measures that will help secure those extra profits, Sir Bob said. These included more efficiency saving through re-equipping and a continuing steady fall in the workforce of 51,500.

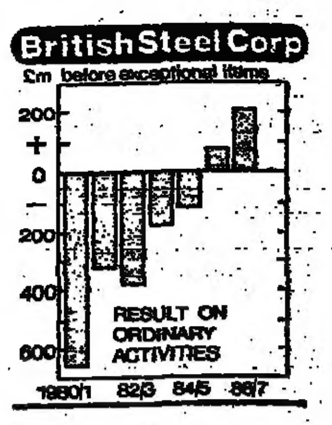
The board would give the Government a number of options on these. He refused to be drawn on the future of Ravenscraig, the big integrated steel plant in Scotland, although he did say that it was not necessarily correct to look at that site as a single entity.

The Government's three-year guarantee for Ravenscraig comes to an end in August next year, but there has been speculation that the Government and BSC might decide to close the strip mill there but keep steel making. That is despite weak demand for Ravenscraig's main slab products.

Sir Bob said the corporation had achieved a great deal in recent years, but much remained to be done to achieve full financial viability, which was the only valid criterion of success. Although now much closer to attainment, this goal was still some way off.

The outcome of talks on a new three-year production quota regime within the EC was "absolutely paramount" to the route to privatisation, Sir Bob said.

The corporation is seeking significantly larger quotas which were fixed on the basis of operations in 1982 when BSC was in a very weak position. It is also looking to remove the trade imbalance in steel between the UK and continental Europe.



BSC's production of liquid steel last year totalled 11.7m tonnes, well down on the previous year but that included the specials steel business, subsequently privatised. Total steel deliveries were 10.8m tonnes.

The sunburst industry, Page 7

Thatcher offers talks on Ulster

BY IVOR OWEN

NORTHERN IRELAND'S Unionist MPs received an open invitation from Mrs Margaret Thatcher, the Prime Minister, in the House of Commons yesterday to enter into discussions with her about the future of the province.

She expressed disappointment that after recent reports that the Unionists had decided to end their virtual boycott of Westminster in protest against the Anglo-Irish agreement, which for the first time gave the Dublin Government a say in the affairs of Northern Ireland, Mr Harold McCusker, deputy leader of the Official Ulster Unionists, did not use the opportunity available to him at question time to propose fresh talks.

Mr McCusker confined himself to reminding the Prime Minister that when the agreement was signed she expressed the belief it would bring peace and reconciliation

Over the past 20 months, he said, the situation had deteriorated and someone was being killed almost every other day in Northern Ireland.

Guinness inquiry by fraud squad

By Clive Wolman

THE FRAUD squad of the London Metropolitan police has been called in by the Director of Public Prosecutions to investigate a possible conspiracy to defraud the shareholders in the Distillers drinks company during the takeover bid launched by Guinness.

The takeover bid has already been the subject of an investigation by inspectors under the Department of Trade and Industry (DTI) for the last seven months.

The DTI was originally opposed to the involvement of the fraud squad. Its officials pointed out that the DTI had the power to bring prosecutions without the assistance of the police.

But in May, their objections were overruled, although the intervention of the police has not been given any publicity.

The police have been given transcripts of the evidence taken by the DTI inspectors from all the participants in the takeover battle and in subsequent events. They have also started interviewing some of the participants themselves.

Superintendant Richard Botwright, of the Metropolitan police, said yesterday that the two investigations would overlap.

He added that some of the coordination problems between the two enforcement bodies could have been avoided if the Serious Fraud Office, which is to be set up under the Criminal Justice Act, passed just before the election, was already in operation.

But he said the roles of the police and the DTI were different in that the DTI was investigating primarily possible offences under the Companies Act.

"As in any fraud investigation, we are looking to get to the core of the matter," Spt. Botwright said.

"We are looking to pursue clear-cut offences which we can put before a jury and they can understand. We do not want to deal with a lot of technical and ancillary matters."

Before the DPP's request, the police's only involvement in the affair had been in April when they arrested and charged the former chief executive of Guinness, Mr Ernest Saunders, with attempting to pervert the course of justice.

The two DTI inspectors were not informed of the arrest.

Key inner-city role for private funds

BY PETER RIDDELL, POLITICAL EDITOR

THE SPECIAL Cabinet committee co-ordinating Government efforts to help the inner cities met for the first time yesterday and agreed that a key objective would be maximising the amount of private money for every pound of public investment.

Mrs Margaret Thatcher, Prime Minister, is concerned to produce self-generating development involving the initiative of local people and businesses and the private sector.

There is no present commitment to more money for the inner cities. Government officials argue it is mainly a matter of obtaining better value for money and a redistribution of existing resources than additional spending.

However, some departmental ministers are pressing for more money for inner city projects. The committee, chaired by the Prime Minister, will act as a steering and co-ordination group setting overall priorities, with specific decisions being taken by existing committees and groups of ministers and officials.

The intention is to provide a more specific look at the problems of inner cities than under the existing structure of Cabinet committees.

The co-ordinating role will be performed by the Cabinet Office, as with EC matters, and will report directly to Mrs Thatcher as chairman of the committee. The Cabinet Office secretariat is preparing another paper on possible solutions after yesterday's strategic look at the subject.

An indication of the Government's thinking was given last night by Mr Nicholas Ridley, the Environment Secretary, at a political dinner in London. He said that traditional ideas of a partnership between central and local government did not work in some areas because of the leftward drift of the Labour Party.

He said that more money for councils might be wasted and what was needed was "more direct and targeted initiatives" and he cited urban development corporations and Housing Action Trusts.

Margaret Thatcher: seeks self-generating development

He said the aim was to give to "local private enterprise and local people both the tools to rebuild that prosperity in our inner cities which they created there in the first place, and the freedom to get on with the job."

● Mr David Sainsbury, finance director of the J. Sainsbury stores group and a key financial backer of the Social Democratic Party (SDP) has decided publicly to oppose a merger with the Liberals at present and will not join any new party.

He is one of the two trustees of the SDP, along with Sir Leslie Murphy, the industrialist and banker, who also opposes an immediate merger.

Mr Sainsbury regards a ballot now as nonsensical and intends to campaign against a merger since he believes it would be disastrous for it to be forced through now agaist the wishes of a large number of Social Democrats.

He has made plain that if a merger goes ahead he would be willing to support MPs who continued to sit as Social Democrats in the House of Commons.

Miners may accept negotiated route to flexible working

BY CHARLES LEADBEATER, LABOUR STAFF

THE NATIONAL Union of Mineworkers (NUM) may draw up a strategy to negotiate the introduction of flexible working patterns in return for cuts in working time and other safeguards for jobs, it emerged yesterday.

The possibility of the union developing such a strategy was disclosed during the union's annual conference debate on British Coal's controversial proposals to introduce six-day production and other flexible shift patterns at least 13 locations.

The conference will vote on the issue today after the debate was adjourned yesterday afternoon to allow more time for discussion.

The move to establish a negotiating strategy over flexible working in return for cuts in working time, may gather growing support in coming months as the union debates how to respond to the corporation's proposals. Such a strategy has already been discussed by the union's key economic committee. It is likely to find favour with a majority on the union's incoming national executive committee.

Membership of the key committees responsible for drawing up the union's response is likely to be changed in favour of those who would support such a negotiating approach rather than outright opposition.

The conference is almost certain to vote against allowing six-day production and to call a national ballot on the issue. However, the vote may become academic as areas of the union search for a negotiating stance and come under increasing pressure to agree flexible working as a condition for major investments in new developments.

The strategy was proposed to conference by Mr Jack Jones, the Leicestershire miners' leader. Mr Jones clearly indicated that his area would have to consider British Coal's proposals for flexible working at the planned Asfordby mine to ensure employment for miners at two other pits in the area which are about to close.

He told delegates that blind resistance to the corporation's proposals was bound to fail as flexible working would eventually be forced in on an area or pit basis. However, he also argued that the proposals as they stood would lead to job losses through higher productivity.

Mr Jones argued that as an alternative, the union should use its power to negotiate a four-day week based on current shift length, but within the six-day production cycle proposed by the corporation. The union should accept extended nine-hour shifts for pits in the North East of England, but based on a three-day week, he said.

Significantly, he was speaking to a motion moved by the union's Yorkshire area, which calls for an alternative strategy to be developed.

The support of the Yorkshire area which is the largest in the union, would virtually guarantee that such an approach would be taken up as a negotiating position.

However, the move is likely to run into strong opposition.

Nick Garnett examines the corporation's annual figures and finds an upbeat turn in a tortuous history

Why British Steel looks on itself as a 'sunburst' industry

SIR BOB SCHOLEY, the recently knighted chairman of the British Steel Corporation, was in confident mood during yesterday's presentation of the corporation's annual figures.

Never mind about *sunset* or sunrise industries, he told everyone, what about the tag "sunburst" for the performance of what was once one of the casualties of European manufacturing?

With a bottom-line profit of £178m under BSC's belt in the *12 months* to March 1987 — the corporation's best yet — Sir Bob had good reason to be content. The day's proceedings even *came with a new-style* and very glossy annual report and impressive colour booklet for employees, in contrast to the dour efforts of recent years.

Too many people, Sir Bob said, still thought of the corporation as "a broken-down outfit that is not very good," so the corporation was sharpening up its image.

He might have added that preparing glossy brochures was *good practice on the road to* privatisation, the next big step in the somewhat tortuous history of the British steel industry.

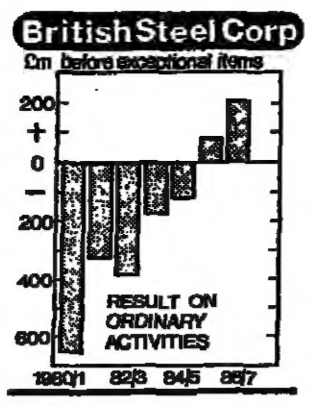
The corporation still faces a clutch of uncertainties. They relate to an impending review of European production quotas (BSC says its quotas are unfairly tight), the shape the corporation *will take ahead of* privatisation and the need to continue the drive on cost-cutting. Sir Bob reaffirmed his view *that* BSC needed to be making another £100m a year in profit, partly to cover the £250m a year rolling programme on reinvestment.

The corporation also retains some structural and technical problems: its proportion *of* steelmaking done by the efficient continuous casting method is still only 65 per cent against the European average of 85 per cent.

Its distribution operations, particularly in mainland Europe, are also relatively weak in spite of the recent purchase of a number of stockholding businesses.

BSC's turnround has been dramatic so far. For the year to March 1987, the corporation made an operating profit of $226m. The bottom-line profit *of* £178m after meeting all charges, including £29m of exceptional items, compares with one of £38m in 1985-86.

That latter figure itself was the corporation's first profit for 10 years. For seven of them BSC racked up losses of more than £7bn and most of the rest of the European steel industry was just waiting for the corporation to disappear.



The corporation is now one of the few integrated steel producers in Europe making a profit and one of the biggest profit makers in world steelmaking.

The corporation secured a return *of just 7 per cent on* capital employed—compared with the target of 5 per cent set by the Government. That *target* implied an operating profit of £170m, about £56m below that which the corporation actually achieved.

All BSC's separate businesses improved their performance last year except Seamless Tubes. That business operates in a market suffering from 70 per cent worldwide overcapacity.

Although the profits of individual businesses are not separated out in the accounts, Seamless Tubes made a loss last year of more than £30m.

Beneficial exchange-rate movements were a "significant" contribution to profits, said Sir Bob, but he would not quantify that. The corporation's sales in Europe were particularly helped for example because steel is priced there in D-Marks.

Raw material costs also fell. World prices for iron slid 6 per cent last year, excluding the impact of currency fluctuations. *Overall prices* for steel have been firming up, another contribution to financial performance.

However, the benefits of re-equipping, lowering energy usage, raising yield from existing plant, decentralising, vast cuts in the workforce down to *the present 51,500 and a shift* away from selling to marketing is clearly revealed in productivity figures.

Since the turn of the decade, man-hours per tonne are down from 14.6 to 6.2, crude steel output per man-year is up from 150 tonnes to more than 300 while energy consumption per tonne of steel has been cut by 17 per cent.

The two main issues facing the corporation are quotas and the shape of privatisation. Quotas were "absolutely paramount" to the route BSC would take towards privatisation, Sir Bob said.

Mr Martin Llowarch, who took over as chief executive of the corporation last year, says the corporation's production quotas—based on BSC's per*formance in 1982 when it was* in a weak position—are effectively short by 35,000 tonnes a quarter. BSC can get round that by buying quota but only at premium prices of up to £50 a tonne. Partly as a result, the corporation is now struggling to meet deliveries for some of its UK customers.

Then there is also a negative trade balance of 0.75m tonnes of steel a year between what the rest of Europe exports to the UK and what Britain exports to Europe. BSC wants that gap closed.

The BSC board will decide soon on a range of ways of extracting greater profit from the business which it will then include in a list of options offered to the Government.

Sir Bob said those might include further equipment investment and would certainly involve a gradual fall in the size of the workforce. A 1 per cent improvement in yield from existing plant saves around £10m, BSC says. A similar percentage saving in energy costs would save £9m, in employment costs £7m and in maintenance materials £3m.

Sir Bob Scholey: *in confident mood.*

The future of the integrated Ravenscraig plant in Scotland was again sidestepped by Sir Bob. The three-year guarantee given by the Government for *Ravenscraig* ends *in August* next year.

One possibility that has been suggested by industry observers is that only part of the complex might be shut, rather than the whole plant. The suggestion is that BSC might retain steelmaking there but shut Ravenscraig's strip mill.

The facts and figures of BSC over the past 10 years shows some interesting characteristics.

Its total turnover has shifted within roughly the same ball-park figures. It was £3.15bn in 1977-78, £3.4bn four years later, reaching a peak of £3.7bn in 1984-85.

It produced 17.4m tonnes of liquid steel in 1977-78 and production was still up at 14.1m tonnes in 1981-82 and 14m tonnes in 1985-86. Last year it made just 11.7m tonnes, partly because of the impact of the blast furnace relining programme at Redcar.

However, its steel deliveries, measured in the weight of products, has become much closer to its total liquid steel output.

In the year up to March, its steel deliveries amounted to 10.3m tonnes, about the same figure as during the previous three years during which liquid steel output was much higher.

Total employment stood at 197,000 in 1977-78. The most dramatic decline in the workforce occurred in the early 1980s, mainly through demanning and productivity improvements.

North-south house price gap widens

By Dina Medland

THE GAP between house *prices* in the north and south of England continues to widen, the Halifax building society said yesterday.

While house prices in the UK as a whole rose by 14.6 per cent in the year to June 1987, those in the *south-east* went up 24.2 per cent over the same period.

The average price of all *houses is put at more than* £47,000, but a first-time buwer in London has to pay about £54,000, compared with £19,500 in Yorkshire and Humberside, the Halifax quarterly house price index claims.

The high rate of house price inflation in London—25/.2 per cent *yearly* compared with slightly more than 7 per cent in Yorkshire and Humberside —has meant that nearly 70 per cent of firsrt-time buyers in the capital need more than one income to finance their mortgage.

By comparison, a third of grst-time buyers in Yorkshire and Humberside require more than one income to pay for their homes.

City dealing room for Legal & General

BY ALAN CANE

LEGAL & General Investment Management marked a new chapter in London's financial services revolution when it *opened a 177-position dealing* room in the City yesterday.

It is the first insurance company to announce participation in the "*big league*" of dealing room operators.

The £5m-room, which is part of a new headquarters for the investment company, uses advanced dealing and settlement systems that place it at the forefront of financial services technology. It compares well *not only with other investment* houses but also with the sophisticated systems installed by London's securities market makers.

It is further proof that new technology is steadily levelling out the differences between traditionally distinct kinds of financial services companies. A LGIM analyst now has instant access to the same market information as the market maker *with whom he does business.*

Mr Michael Payne, a director of LGIM, said substantial investment in new technology was necessary if the company was to remain a force.

The room supports 77 dealing positions, catering for bonds, gilts, equities and international securities. There are a further 100 clearing and settlement *stations.*

Each dealer is equipped with two colour screens and a single keyboard. LGIM dealers traditionally use up *to 25 infor*mation services, including Topic, Reuters, Telerate, Quotron and the specialist services Dogfox from Scrimgeours and Gemini Gilts from Phillips & Drew.

Most of the information can now be displayed instantly on either of the two screens.

Mr T. J. Palmer, the chief executive of the Legal and General Group, said the dealing room *marked* the *start* of the new era. He said: "We have invested a very considerable sum in our new technology, which is equal to that of any investment house in the City and better than most."

LGIM managed the dealing room project itself. Data Logic, *part of the US Raytheon group*, designed the information switching system, said to be the first of its kind. GEC of the UK provided the dealer boards and Ericsson of Sweden the telecommunications.

Leyland-Daf retains lead in heavy trucks market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

RECENTLY PRIVATISED Leyland-Daf retained its lead in the UK heavy truck market in the first six months of this year *in spite of a late surge* by Iveco Ford, its main rival.

Nearly 1,000 of the 1,585 Iveco Ford trucks sold in June were registered in the last 10 days of the month as the company's quarterly bonus scheme came to an end and dealers attempted to make sure of their payments.

Nevertheless, Leyland-Daf ended the first half with a 23.12 per cent share of the *market for trucks of more* than 3.5 tonnes gross weight while Iveco Ford had 22.02 per cent.

According to the Society of Motor Manufacturers and Traders, 29,255 heavy trucks were sold in the first half compared with 28,233 in the same six months of 1986.

The sector is *suffering* a distortion because General Motors stopped making Bedford medium and heavy trucks for civilian use in December so its market share has quickly *dropped from 9.69 per cent in* the first half of 1986 to 3.27 per cent so far this year.

Leyland-Daf will certainly have gained from Bedford's demise, as has Renault Truck Industries, the former Dodge concern, the share of which is up from 7.36 per cent to 8.86 per cent in the *half-year.*

Daimler-Benz, now firmly entrenched in third place in the UK's heavy truck market with its Mercedes vehicles, slipped in the six months from 13.71 per cent to 13.59 per cent.

Total commercial vehicles sales in the first half-year in*creased by 6.21* per cent to 159,275. The importers' share dropped from 40.23 per cent to 36.87 per cent.

All sectors except buses and coaches contributed to the half-year increase.

Judge deplores litigants' documentary 'overkill'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DOCUMENTARY "overkill" by wealthy companies involved in litigation was deplored by a Court of Appeal judge yesterday.

Lord Justice Dillon said the proliferation of affidavits, assertions and counter-assertions appeared increasingly to be the practice when companies were seeking temporary injunctions, particularly in passing-off, copyright or trademark cases.

It was to be deplored, he said, not only because it greatly increased the already notoriously high cost of litigation but because it delayed other cases waiting to come to court.

The judge made his comments in the context of a passing-off and trademark dispute between Mothercare and Penguin *Books*, both of which, he said, had put in voluminous evidence.

The court overturned a temporary *High Court injunc*tion granted to Mothercare stopping Penguin publishing or *selling a book under the title* Mothercare/Other Care.

Mothercare, which has 236 stores in the UK and a turnover *of about £237m, had* argued that the title was an infringement of its trademark.

Lord Justice Dillon said Mothercare's success had made its name a household word. The company feared that its customers would suppose from its title that the book was associated with *it*, that they would be horrified by its thesis that the mother-child relationship was not uniquely important *for the welfare of the child, and* would refuse to buy from Mothercare shops.

The judge said that anyone *looking into the book, which* was a serious sociological study, was bound to realise that it had nothing to do with Mothercare. *The damage* that Mothercare feared was hypothetical and altogether too far-fetched.

UK NEWS

Cost of privatising British Gas 'too high'

BY LUCY KELLAWAY

THE COST of selling off British Gas has been questioned in a report published yesterday by the National Audit Office.

The report says the £40m spent on marketing the stock market issue, including the Tell Sid advertising campaign and some of the underwriting costs, may have been too high. "There is a question whether all of these costs provided good value for money and were necessary to meet the objective of maximising sale proceeds."

Mrs Margaret Thatcher, the Prime Minister, yesterday in the Commons defended the cost of the campaign, saying it was "money well spent." She said the privatisation "was a very good thing for all the people of this country . . . and for the future efficiency of British Gas."

The National Audit Office criticises the £7.5m in commission paid to the institutions for their guaranteed allocation of 30 per cent of the issue. The 0.5 per cent commission was unnecessary because the institutions would have wanted the shares in any case. That was because the issue was structured in such a way as to create a shortage of shares.

The privatisation met the Government's objectives in achieving the best possible price for the sale, in widening share ownership and avoiding an excessive premium in the aftermarket.

However, a better price might have been reached if British Gas had paid a higher dividend; although that was a matter for the company rather than the Government to decide.

The audit office questions the common practice in privatisations of setting the price at multiples of 5p and calls on the Treasury to reconsider the matter. Although the British Gas sale was not affected since the 135p issue price was that recommended by independent advisers, a difference of 1p on such large issues can represent a significant sum.

The cost of the flotation was proportionately lower than that of the British Telecom flotation. On the whole, the Government succeeded in minimising the fees paid to advisers and set helpful precedents for future issues.

The £40m marketing cost is singled out as more than twice the £17m spent on marketing the British Telecom issue.

Department of Energy: Sale of Government Shareholding in British Gas, National Audit Office, Report by the Comptroller and Auditor General, House of Commons Paper 22, HMSO, £4.80.

Ward seeks full Guinness trial

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR THOMAS WARD, a former director of the Guinness drinks group, was entitled to a full trial of the action in which the company is trying to recover £5.2m from him, his counsel told the High Court yesterday.

Opposing Guinness's application for immediate judgment on the ground that Mr Ward has no arguable defence to its claim, Mr Peter Curry QC said that Mr Ward's honesty and integrity had been challenged and he should have the opportunity to clear his name.

Also, Mr Curry said, summary judgment could not be given in a case involving fraud and, although there were no express allegations of fraud against Mr Ward, the accusations against him — including deceit and concealment — were based on fraud.

Mr Curry said that Mr Ward did not accept that the £5.2m, paid, according to him by agreement with Mr Ernest Saunders, Guinness's former chairman, for Mr Ward's services during the Distillers takeover, belonged to Guinness.

The company is not asking the court to strike out Mr Ward's counter-claim for reasonable remuneration for his services.

The hearing is expected to finish today, with judgment being given later.

Mr Ernest Saunders, former chairman and chief executive of Guinness, was further remanded on £500,000 bail until September 1 by Bow St magistrates in London yesterday. Mr Saunders, who did not attend the brief hearing, faces charges of intent to pervert the course of justice and destroying and falsifying documents.

Sir David Hopkin, the chief metropolitan magistrate, said that it had been agreed that more time was needed for further inquiries. Mr Saunders would have to be in court at the next hearing. It was the third court hearing since Mr Saunders was arrested on May 6.

News on Sunday assets sold

By Raymond Snoddy

MR OWEN OYSTON has reached agreement with the receivers of the News on Sunday to acquire the assets of the left-of-centre newspaper.

His company Growfar, in which the Transport and General Workers Union also has a substantial stake, is likely to take over the assets of the newspaper this week. It is not yet clear how much money creditors will receive.

The paper has been coming out under a licence from Cork Gully, the receivers, pending the formal deal. Last Sunday the estimated circulation was 160,000.

Meanwhile, the paper has lost its second editor since its launch in April. Mr David Jones, who took over from Mr Keith Sutton, the founding editor, who was dismissed last month, has left.

His departure was caused partly by disagreements about editorial policy. Mr Oyston seems intent on taking the paper more downmarket than Mr Jones favoured.

Mr Brian Whitaker, deputy editor, is acting as editor.

Havers proposes speeding up debt cases

MOVES to speed up the legal machinery for dealing with court actions over bad debts *are proposed* today by Lord Havers, the Lord Chancellor.

They are contained in a consultation paper drawn up by his department for consideration by *politicians* and other interested parties and organisations.

Britain's 266 county courts deal with about 2m debt cases a year—an increase of 31 per cent over the past seven years.

The present system for processing the claims, most of which are uncontested, is 'slow, laborious and staff-intensive," says the Lord Chancellor.

Now he proposes a computerised system to be introduced and operated by a central claims registry.

The central registry would issue and serve summonses, deal with replies to the summonses, enter judgment where no defence was filed, account for money received and pay it out to plaintiffs; and issue warrants of execution.

The central registry would take on the administrative burden of these cases and free the county courts to deal with other matters more rapidly.

The Lord Chancellor's department said that if the proposal were accepted and the scheme introduced it would offer increased "speed and efficiency" and "it should also reduce administrative costs."

London Daily News to shift main edition time

BY RAYMOND SNODDY

A CHANGE of strategy is envisaged for the London Daily News to try to improve its low circulation figures.

The newspaper, launched in February by Mr Robert Maxwell's Mirror Group Newspapers to break the monopoly of Lord Rothermere's London Evening Standard in the London evening newspaper market, was supposed to sell 500,000 copies.

Circulation is static at the moment at about 160,000, although some industry estimates are even lower.

Mr Maxwell has decided that the main edition of the 24-hour newspaper should be the lunchtime one, to compete more effectively with the Standard.

At the moment the first edition, which comes out with the rest of the morning papers, is the main edition. News is updated throughout the day but the feature pages are generally unchanged.

The aim now is to reverse the cycle so that the morning edition will have the previous day's feature pages and updated news and City pages.

Changes will also be made to the editorial content as a result of readership research.

Mr Magnus Linklater, the editor, has been asked to produce a paper with more humour, greater appeal to women, more attraction for skilled workers and less politically doctrinaire content.

The alterations will probably start next week, although the change editions will mean different working patterns for the paper's 210 journalists.

In June the Standard, which plans to introduce a monthly colour magazine in October, was selling an average fo nearly 495,000, down from a few mdonths ago when a peak of more than 550,000 was reached.

Channel 4 earning 'large profits' for ITV stations

BY RAYMOND SNODDY

CHANNEL 4 is earning a substantial surplus for the ITV companies, Mr Jeremy Isaacs, chief executive, said yesterday.

He told the annual meeting of the Incorporated Society of British Advertisers that in the financial year to March, the ITV companies had sold advertising worth £155.2m for the channel, representing 2.8 per cent of total net television advertising revenue. That compared with the £139.9m the companies paid in annual subscriptions to fund Channel 4.

"That is not bad going," said Mr Isaacs, who will become *general director of the Royal* Opera House next spring. The results also contrast with the "moaning and groaning" of the ITV companies after Channel 4 was launched in *November* 1982.

The channel regularly took more than 18 per cent of the commercial television audience, he said.

Mr Isaacs noted that the Government was considering the possibility that Channel I could sell *its own air time but* warned advertisers that, if that happened, it would not necessarily mean cheaper television advertising.

● The way has been cleared for the television advertising of branded contraceptives as part of the campaign against AIDS. *The Home Office* has approved an Independent Broadcasting Authority initiative to remove the television ban on condom advertising.

LBS to raise fees for MBA by 124%

By Michael Skapinker

LONDON BUSINESS School has responded to government funding cuts by increasing by 124 per cent fees for British and European Community students on its Masters of Business Administration programme. It is also postponing a planned expansion in student numbers for a year.

The fee increase, which takes effect next year, follows a decision by the University Grants Committee to cut the school's funding by nearly 20 per cent over three years.

Manchester Business School has also been told that its funding is to be cut but it has not yet decided whether it will raise its fees.

The LBS argues that because the grants committee envisaged that it would expand its British and EC *student body from 280 to 410* places, its grant per student is being cut by 42 per cent in real terms. The expansion in numbers, which was due to take place next year, has been postponed until 1989.

The fee increases mean that from 1988, British and EC students on full-time MBA course will pay £3,800 a year, compared with the 1986-87 fees of £1,700. Fees for the programme beginning this autumn have been increased to £2,200. Students on part-time courses will also pay *more*.

Professor Peter Moore, LBS principal, said he had hoped to avoid the fee increase "but with the UGC wavering in its support for high-quality management education in the UK, we effectively have little choice. Although the cost of our MBA is being increased sharply, it still compares very favourably with leading schools in the US and we hope that this will continue."

Prof Moore said he was disappointed at having to postpone the increase in the number of MBA students, particularly as two recent reports had highlighted Britain's shortage of properly trained managers. He added: "Demand for places at LBS has been increasing steadily for a number of years, and we had looked forward to being able to offer more places to well qualified applicants."

He said, however, that it would have been imprudent to proceed with the expan*sion in the same year as fees* were being increased. He was confident of attracting enough high-quality graduates when the expanded programme began in 1989.

Eurocity starts recruiting staff for Stolport

By Michael Donne, Aerospace Correspondent

EUROCITY EXPRESS, part of the British Midland group of airlines, which is due to start services to the Continent from the London City Stolport on October 1, has begun to recruit staff.

Mr Jonathan Wilson, Eurocity's *general manager* at the Stolport, a short take-off and landing airport nearing completion in London's Docklands, said the airline would need up to 100 staff, primarily as passenger agents, stewardesses, secretaries and reservations clerks. It would recruit locally where possible.

Eurocity has been awarded licences to fly between the Stolport and destinations such as Paris, Amsterdam, Brussels, Dusseldorf and Rotterdam.

Brymon Airways has also been *licensed* to fly from the *Stolport to Amsterdam*, Brussels and Paris, and also plans to start operations on October 1, using the same types of aircraft.

Lucy Kellaway on cheaper development of North Sea fields

Oilmen learn to do more with less

IF YOU had told anybody involved with the oil industry three years ago that medium-sized oilfields in the North Sea could be developed profitably *with oil prices at $18 (£11) to* $20 a barrel, they would have looked at you pityingly. Today, they would have to agree.

Prompted by the fall in the oil price, companies have given a thorough spring cleaning to their notions of how fields can be developed. They have come up with such large cost savings that in some cases fields that seemed marginal candidates for development with oil at $30 now look robust with prices $10 lower.

On Monday, Shell and Esso announced plans for the first important oil development since the price fell. The Kittiwake field owes its position in the Department of Energy's in-tray to a reduction of about 30 per cent in the costs of development. The price of developing the field, which was initially estimated at £500m, has been cut to £350m, while the costs of operating it have been cut by a fifth.

Meanwhile, development of the larger Miller field, which was postponed for more than a year while the partners reworked their sums, is regarded as a sound economic project because of cutting the costs from nearly £1.4bn to an estimated £1bn. The scheme awaits final agreement between the Miller partners, and a decision on a system for transporting the gas before it can be submitted for development approval.

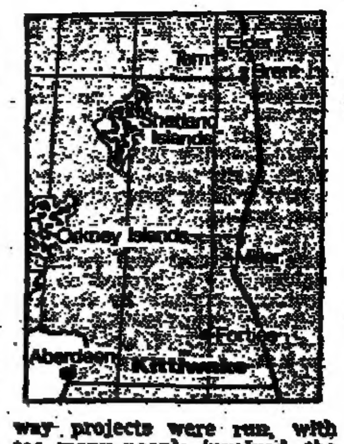
Many in the industry think that cost-cutting has become the most important spur to developing new fields, with *most forecasters* expecting only small rises in oil prices over the next few years.

Lower development costs have been one of the first areas to be tackled by Mr Peter Morrison, the new oil minister, who last week warned of the "increasing importance and urgency in *making savings," and called on* the industry to make cost reduction a priority.

However, one main reason for lower costs has occurred independently of oil companies. Offshore suppliers have been forced to slash their prices to win what little work is available. *According to Shell, more* competitive tendering may have cut the costs of Kittiwake by up to £50m.

Some would argue that the big oil companies had become so wasteful that recent cuts are little more than what should have been instituted. According to Mr Peter Gaffney of consultants Gaffney, Cline, the industry had become accustomed to solving problems "by simply throwing more money at it."

Any past profligacy in oil developments may be a reaction to the unhappy experience of developing the first North Sea fields—which were finished with cost overruns of up to 300 per cent and up to two years' delay. *Mr Ross Urqhart*, projects manager at Shell, said that caused a revolution in the



way projects were run, with too many people involved, the *stages of the project too cum*bersome, and the specifications too elaborate.

He said: "We are now trying to swing the pendulum back," predicting that about a third of the savings possible in any project might arise from more efficient management.

Shell says it has halved the teams of supervisors it sent out to check on its contractors. The paperwork has also been reduced, with the company increasingly willing to use its contractors' specifications rather than superimpose its own onerous standards.

However, in addition to those —arguably belated—moves, the industry has also been taking more fundamental strides to cut costs by redesigning the platforms.

Mr Brian Cook, engineering manager at Shell UK, says: "We used to put all the emphasis on the final result. Now we concentrate on what can be easily built."

The main advance has been in making the platforms much lighter. Mr Cook said the largest breakthrough has been the use of a new generation of vessels, which can lift much heavier loads. They can lift the top of the deck on to the base, cutting down on expensive installation work offshore and lifting rather than dragging the platform base into place.

Weight reduction also lies behind the cut in the Miller development costs with the final platform likely to weigh about 25,000 tonnes.

Everything on the new generation of platforms has been reworked to make them smaller and cheaper. No longer is any of the process plant unnecessarily duplicated, and excess space has been eliminaed. The worth of each function has been questioned, and the number of permanent workers needed to operate the platform has been cut—in the case of Kittiwake from 150 to about 90.

With most of the waste in the system gone and with the suppliers' price as low as it can go, further cost reductions will need to come from continued design improvements. Mr Cook says there is still much to be done: "We have not reached the end of the road yet. I am sure we can continue to do a lot better."

Heron profits climb to £50m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

HERON INTERNATIONAL, one of Britain's largest privately controlled groups yesterday announced that its annual pre-tax profits had for the first time topped £50m.

The total assets of Heron passed the £1bn mark during the financial year to the end of last March. They are spread through property, financial services, house building, video cassette publishing, vehicle distribution and petrol retailing.

Pre-tax earnings were £50.1m, a rise of 25 per cent on the £40.3m profits of 1985-86.

There was a rise in turnover in all *sectors although profits* from financial services, based on a London insurance group and a US savings bank, slipped to £23.1m from £25m in 1985-86.

Financial services still contributed the largest single part of the group profits, followed by property at £22m—up from £16m the previous year—and commerce, up to £13.8m from £10.1m.

Commerce includes the Heron house building activities where it has been able to profit from the boom in residential property prices — and vehicle distribution.

Mr Alan Goldman, a Heron director, said that this year the group would continue to expand but big surprises were unlikely. The difficulty Heron was facing, he explained, was that the high level of stock market prices made quoted company acquisitions too expensive.

Heron is particularly active in the property market and is looking especially at Spain and France for new investment.

On Monday it announced a £100m office venture in Paris. The thrust of its financial services expansion is likely to be in the US and Spain.

On the British market, Heron is planning a £40m investment over the next three years to expand its petrol retailing by setting up another 100 service stations. It has a £250m commercial property programme including four new shopping centres. It has a land bank big enough to build more than 7,000 homes, so it should be able to step up profits from residential property developments.

The group has continually attracted speculation about a possible flotation on the Stock Exchange, but Mr Goldman said it would continue to remain in private hands. The Renson Foundation, which distributes funds to charities, owns 60 per cent of the Heron equity.

Spitalfields rebuke for Charles

BY PAUL CHEESERIGHT,

THE SPITALFIELDS Development Group yesterday gently chided Prince Charles for his espousal of a rival consortium's claims to redevelop the old London market.

Mr Peter Beckwith, the chairman, claimed the group's scheme for the site "is a blueprint for the socially responsible role the private sector can and should play in the regeneration of inner cities."

Last week Prince Charles came out in favour of a scheme advanced by Rosehaugh Stanhope for the redevelopment of Spitalfields, saying it provided a model for urban regeneration.

The Borough of Tower Hamlets has before it three schemes seeking planning permission for the redevelopment of the fruit and vegetable market site just on its side of the border with the City of London. The market itself is owned by the City Corporation, which has called for tenders to purchase

The site is seen as offering one of the largest areas for inner-city regeneration in Europe.

The Spitalfields Development Group, made up of London and Edinburgh Trust, Balfour Beatty and County and District Properties, has made the early running to win the permission for the market's redevelopment.

Rosehaugh Stanhope, a joint venture company developing the nearby office complexes at Liverpool Street station, was a later entry, followed by a consortium led by Priests Marian Holdings.

On July 15, the Bethnal Green Neighbourhood Committee will consider the merits of the Spitalfields Development Group and Rosehaugh Stanhope schemes, so the comments of Price Charles and Mr Beckwith have come at a politically sensitive time.

EOC seeks £1m for regional offices

BY JIMMY BURNS,

THE Equal Opportunities Commission is to ask the Government for £1m in additional funds in the next three years to develop a regional network of offices.

The initiative was announced yesterday by Lady Platt, the EOC's chair, during the presentation of the commission's 1986 *annual report*.

She said the last year had seen some "outstanding successes" in the commission's drive to end the inequalities that still existed between the sexes.

They included fundamental changes in the working practices of two large organisations —Sogat '82, the print union, and Dan-Air, the airline—after formal investigations. The commission also won a change in retirement law by supporting an *individual* case to the European Court of Justice.

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However, the commission, which last year received a grant of £3.4m from the Government, says extra funds are needed if it is to be effective in its fight against the "deep-seated" sexual prejudice it claims still exists in industry.

The commission expresses concern at the increasing difficulties relating to equal pay for equal value, particularly in the complexity and length of proceedings in industrial tribunals.

Motorcycle sales still in decline

By John Griffiths

THE UK motorcycle and moped market appears to be accelerating towards almost total collapse.

Half-year figures to be published shortly are expected to show no lessening of the steep decline in sales, which is well into its seventh year.

In the first five months of this year, sales of motorcycles and mopeds totalled 34,720—an 18 per cent drop on the same period of 1986. In some industry quarters the forecast by the Motor Cycle Association of 90,000 sales this year is already being regarded as optimistic. An out-turn of 80,000 is seen as more likely.

In a campaign to persuade manufacturers and importers to help to fund a £4m programme to improve motorcycling's image, the sector's main trade publication, Motor Cycle Dealer, is forecasting that sales next year might drop to 60,000 units.

That would be less than a fifth of the 315,000 sold in 1980, the year before the slide began, and would make further rationalisation of dealer networks inevitable.

The MCA blames unemployment and the two-part motorcycle test introduced in 1981, which, it claims, has dicouraged young learner riders.

The MCA expressed doubts about the claims of some dealers that the rising cost of Japanese-powered two-wheelers, which account for more than four-fifths of the total, was also shrinking sales.

However, the only manufacturer to have increased sales this year was MZ of East Germany, whose products are sold mainly on their low prices. MZ's moped sales rose by 3.64 per cent.

The Japanese manufacturers have already cut output sharply. Output from Honda, the world's largest producer, fell by 25.8 per cent last year to 1.48m, in contrast with a peak of 3m in 1982. Total Japanese production, excluding kits, last year was 3.39m, down 25 per cent on 1985 and 48 per cent below the peak of 7.4m achieved in 1981.

Oftel denies service standards at BT have declined

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

COLD WATER was poured yesterday over suggestions that service standards at British Telecom had declined since the privatisation of the company by Professor Bryan Carsberg, Director-General of the UK Office of Telecomunications.

Speaking at the Financial Times Conference on Telecommunications and the European Business Market, Prof Carsberg said the quality of BT's service might have slipped slightly in recent months because of the engineers' strike this year and the switch to the System X digital exchanges in some areas. But the overall trend in the last few years had been towards definite improvement in standards.

Prof Carsberg's remarks follow a growing controversy over the level of service offered by BT, which has been provoked by a National Consumer Council survey suggesting the *company compares unfavour*ably with other UK utilities.

He suggested that in the longer term, one way of giving BT incentives to improve the quality of its operations would be through the regulatory pricing formula. That might be adjusted to take account of how well the company achieved certain service performance targets, with deductions against profits for failing to accomplish those objectives.

The main thrust of Prof Carsberg's speech was a strong defence of the new competitive environment in Britain. That theme was taken up by other delegates.

Mr Jean Arnould, head of development projects at French Direction Generale de Telecommunications, said deregulation should enable real market requirements to be met in the best conditions of quality and cost. "Competition is an unavoidable reality and the DGT must evolve if it is to remain a prominent figure on the international scene."

FT CONFERENCE

Telecommunications & the European Business Market

Mr Arnould emphasised that the DGT's international customers needed to have equivalent services at their *fingertips in* all countries and alliances between operators must be cemented without further delay in several areas.

"There are thus many opportunities for joint ventures and operating agreements which I would be fully prepared to negotiate," he said.

Mr Robert Bruce, a partner at Debevoise & Plimpto and a former attorney at the Federal Communications Commission in the US, said it was hard to draw specific lessons for Europe from the experience of telecommunications deregulation in America. But the "harsh reality" was that competition in the US had "created economic and technological pressure to which Europeans must *respond*."

The advanced stage of the liberalisation process in both America and Japan might mean that Europe "would not be able to proceed at a leisurely pace because delays could subject European enterprises to substantial *penalties in competing* internationally."

Mr Luis Solana, president of Telefonica of Spain, said competition in Spain would be concentrated on the provision of value-added services rather than the network operations.

He argued that the most important asset in the European telecommunications system was the national networks, which must not be broken. He also suggested that a federation *of European carriers* would be a desirable target.

The need for a stronger pan-European influence on telecommunications policy was echoed by Mr Marino Benedetti, an executive of STET, the Italian nationalised telecommunications group.

He suggested that, in addition to the national regulatory bodies, the community as a whole would benefit from a European supervisory organisation that could set certain basic guidelines for international communications.

He also argued that it was important that any changes that were proposed or implemented in the various European countries should follow the same general philosophy so as to "represent another step towards greater harmonisation and integration of systems."

Mr Mike Sheridan, head of the international division at Telecom Eireann, described various co-operative ventures that were developing among European telecommunications operators. It was essential to ensure an open marketplace in view of the severe competitive challenges coming from suppliers in the US and Japan.

Commenting on the development of the liberalised telecommunications market in Europe, Mr Gordon [illegible], managing director of the UK's Mercury Communications, said his company had still not been able to reach agreement with any European telephone authority on taking their international traffic. He would, he said, welcome the support since Mercury generated 1 per cent of the international calls from the UK.

Mr John Smith, Opposition spokesman on Trade and Industry, made a strong plea for greater co-operation in telecommunications research and development in Western Europe.

Plea to bankrupt broker rejected

A DEPARTMENT of Trade and Industry petition for the compulsory winding-up of Walter L. Jacob and Co, a securities' dealer whose licence was withdrawn three months ago, was dismissed by the High Court yesterday.

Mr Justice Harman said the petition, based exclusively on a claim that the public interest was threatened, did not allege that the company was insolvent or had failed to pay clients, and did not justify the "very serious act" of winding-up .The *department is to consider* an appeal.

The judge said the company's membership of the regulatory association FIMBRA had already been withdrawn when the petition was presented.

The department alleged that the company's financial records were inadequately maintained, out of date, incomplete and inthat had been at the time of accurate. But the judge said a number of privatisation share issues, which had so revolu*tionised dealings* that almost all records were out of date and incomplete.

JOBS

Executive demand bucks up, but not for all

BY MICHAEL DIXON

OVER THE past few days anyone passing the MSL International recruitment consultancy's Glasgow office may have overheard its inhabitants cursing in their strange tongue.

They have been working beyond the call of duty to rush out the findings of MSL's latest quarterly check on UK demand for managers and key specialists in time for the FTs eight-page survey of recruitment and personnel services to be published on July 16. But since—in the view of this particular corner of the paper, at least—Jobs column readers take pride of place, the results will be revealed unto them straightaway.

Eleven weeks ago I was happy to announce that a long-standing trend had at last been bucked.

Since 1959, when the consultancy began its three-monthly counts of jobs for executive-types advertised in the main British journals, the market has shown a cyclical pattern. Typically, a continued rise over some four years would be followed by a constant drop over a similar length of time. Since the last unbroken rise gave way to a decline with the start of 1985, experience suggested that the demand would go on falling for another couple of years.

The January to March quarter, however, proved how wrong expectations based on past trends can be. Total advertised demand bounced up again, giving a count 4.1 per cent higher than the figure for the January-March period of 1986.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND SENIOR SPECIALIST STAFF
(12 months to June 30)

Type of work	86-87 Posts advertised	86-87 Change from 85-86 %	85-86 Posts advertised	85-86 Change from 84-85 %	84-85 Posts advertised	84-85 Change from 83-84 %	83-84 Posts advertised	83-84 Change from 82-83 %	82-83 Posts advertised	82-83 Change from 81-82 %
R & D	3,139	−38.2	5,082	−30.7	7,334	+ 0.3	7,315	+13.7	6,435	+82.6
Marketing	6,165	− 0.2	6,177	− 6.8	6,631	− 2.6	6,811	+ 8.3	6,290	+41.5
Production	4,913	−12.9	5,639	−22.0	7,230	+10.7	6,533	+29.7	5,036	+40.6
Accounting	6,954	+ 9.3	6,364	− 3.0	6,561	+14.1	5,750	+15.3	4,986	+24.1
Computing	3,519	−10.0	3,909	− 6.4	4,178	+15.0	3,632	+40.0	2,595	+70.3
General mgt	1,427	+12.6	1,267	− 1.4	1,285	− 2.9	1,324	+ 5.5	1,255	+23.3
Personnel	1,042	+17.5	887	−15.2	1,046	+ 7.0	978	+18.4	826	+61.0
Others	6,118	+ 6.3	5,754	−10.4	6,424	+29.2	4,974	+50.4	3,307	+10.9
Total	33,277	− 5.1	35,079	−13.8	40,689	+ 9.0	37,317	+21.4	30,730	+42.2
July-Sept	7,664	−19.4	9,507	− 2.6	9,760	+20.7	8,086	+18.5	6,822	+54.6
Oct-Dec	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.9	8,560	+32.3	6,468	+29.7
Jan-March	9,166	+ 4.1	8,804	−24.3	11,624	+ 9.3	10,637	+16.9	9,100	+37.5
April-June	8,597	+ 5.2	8,172	−21.5	10,412	+ 3.8	10,034	+20.3	8,340	+49.2

Today I am still happier to say that the bucking of past trends has continued. The second quarter of this year produced an overall demand of 8,597 job-openings for higher ranked staff, a rise of 5.2 per cent on the count for April-June 1986. Even so, it constitutes better news for some kinds of executives than for others — as the table above shows.

Having not yet recovered from the temporary, selective deafness brought on by the clamour of politicians during the election campaign, I have not heard what most of Britain's re-elected leaders have since proclaimed. But if they are still saying that UK industry is pressing on ever more strongly with the development of new technology, they surely stand corrected by the tend displayed in the line of figures at the top of the table against "R & D."

The research, design and development staff it denotes have suffered a steepening decline in advertised demand for their services since the beginning of 1985. So too have the computer-systems specialists denoted by the fifth line down. Moreover, although vacancies for marketing and sales people and for production managers perked up in April-to-June, the call for them over the 12 months to the mid-year point was at least some way smaller than in the corresponding period of 1985-86.

Much the same message about the high technology area emerges from MSL's associated count of advertised job-openings in four broad industries. In the *12 months to June 30 last year,* high-tech employers publicly offered 3,228 higher-rank jobs. The equivalent for the most recent 12 months was 2,820.

The corresponding figures for energy-related industries are much worse still: 1,117 for the latest period compared with 3,029 for the one before. Retailing's demand is also down from 1,131 to 1,101 and, although that is but a small drop, it is still bigger than the increase in openings in food, drink and tobacco companies from 1,040 to 1,059.

Even so, the market has improved for various other types of executive-level people.

By comparison with the second quarter of last year, April-June saw increases of 14.9 and 13.5 per cent respectively in the calls for personnel specialists and for general managers, although the number of jobs on offer in each case was relatively small.

More significant probably is the rise of 13.3 per cent in vacancies for accounting and finance people who since October have been in increasingly steeper demand. MSL's trend-watchers attribute it to the knock-on effect in less-opulent bits of the economy of the City of London finance sector's so-called big bang.

"It wasn't heard as an explosion by industrial companies," I was told. "To them it came across more like a gargling woosh as their finance people were sucked into banking and the like by the offers of stupendous salaries, cheap mortgages and plush cars. Is it true, by the way, that City people's job applications always ask for BMWs because 'Porsche' is too hard for them to spell?"

What looks to be yet more significant is the sharpening rise since October in demand for "Others." Besides lawyers and purchasing managers, that category includes egheads such as corporate planners, statisticians and economists as well as generalist consultants.

"You'll see that the past 12 months' figure for others is 6,000-plus," MSL said. "Well, a decade ago it was only about a third of that. And nowadays pretty well all of those kinds of people are being taken on by consultancies; the demand for them from anywhere else is negligible."

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Le candidat sélectionné entreprendra personnellement le développement d'une nouvelle clientèle, créant les contacts entre les investisseurs potentiels et les utilisateurs des fonds. Il analysera et préparera les nouveaux dossiers ainsi que ceux des clients européens existants. Le poste exige de bonnes techniques d'analyse et de présentation alliées la motivation personnelle et à l'enthousiasme.

Seuls seront acceptés les candidats parlant couramment français, avec une éducation française ou avant travaillé 2-5 ans dans le secteur des services financiers en France. Le candidat retenu aura un diplôme de niveau supérieur en économie ou gestion et une expérience récente des structures et méthodes bancaires ou des sociétés de services financiers.

Répondez avec un curriculum vitae complet à:
Box A0605, Financial Times, 10 Cannon Street, London EC4P 4BY

Tax Lawyer

City Attractions

Do you have one to two years' experience in tax, either as a solicitor or barrister? If so, we have a unique opportunity for you to apply and further develop the skills you have acquired.

Working in a high-calibre team, you will be advising clients on the tax implications of a wide range of commercial transactions..

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To find out more please phone Personnel Director Roy Lecky-Thompson, on 01-638 4090 or send him your c.v. at Cameron Markby, Moor House, London Wall, London EC2Y 5HE.

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A little experience goes a long way

FUTURES BROKERS

Citifutures, the futures subsidiary of Citicorp, is rapidly expanding its London office serving international customers of LIFFE and global market activities. We seek a small number of additional broking personnel with futures or money market experience.

The articulate and determined people we are looking for may only have one or two years' experience, but we will give you real responsibility for servicing our Clients' needs on the American exchanges. This will involve normal working hours of 12.30pm to 8.30pm, for which a generous premium will augment first rate salaries.

Career prospects for achievers, within Citifutures and the broader Citicorp organization, could hardly be better and benefits are in line with the best in the market.

Please make the first move by sending your full career details to Patty Liedberg, Citicorp Investment Bank Limited, PO Box 242, 335 Strand, London WC2R 1LS.

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Current requirements for experienced applicants include:-

Heads of FX/Options/Financial Futures Groups
Market Development — Euro and/or FE Options
Desk Dealers — US Markets/US Stock Options
Account Executives — Private Clients
LIFFE — Floor Manager/Floor Traders/Client Liaison
Credit — Assistant Manager/Senior Analyst
Accountant (mid 20's) — Compliance
Settlements — Senior/Supervisory
US Clearing Supervisor

Applicants whose backgrounds match the above requirements are invited to contact Michael Hutchings or Vanessa Nokes.

LONDON BRUSSELS HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Banking in Central Southern Africa Manager – Foreign

A major Bank in Central Southern Africa is looking for an experienced manager to work a 3 year contract overseas.

The Candidate should have proven experience in Foreign Currency exchange including the issue and acceptance of letters of Credit and Currency Bonding. A thorough knowledge of international Banking procedures and an interest in business expansion are essential qualities.

We offer a very attractive salary and conditions of service. The package includes a house, car and full family allowance including school fees if necessary. A percentage of the salary is payable in hard currency.

Confidential Reply Service:- Please write with full C.V. quoting reference 2090/JW on your envelope. All replies will be forwarded directly to the consultant dealing with this appointment who will conduct the interviews: Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4 4EA.

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E.C.P. Trader	c. £50,000
Compliance Manager (to 40)	to £35,000
Personnel Manager	to £30,000
Credit Manager	to £30,000
E'bond Settlements Managers	c. £25,000
U.K. Corporate Accounts Manager (with French)	c. £23,000
Head of FX Settlements	to £20,000
Senior Credit Analyst	to £16,000

Please telephone:
MIKE POPE 01-247 8814
Bank Chambers, 2nd Floor
214 Bishopsgate
London EC2

SENIOR BANKING APPOINTMENTS

SENIOR MARKETING MANAGER UK & EUROPE to age 40 — Salary neg from £40,000 p.a.
Prestigious international bank seeks graduate, probably MBA, with previous banking experience of marketing a combination of commercial banking and capital market products to top 200 UK companies and to Europe, particularly Scandinavia and Italy. It is envisaged that the person sought will now be working for an American or major UK bank and will have a good relationship with counterparts in such banks. The position entails control of 5/6 existing marketing executives.

MANAGER ADVANCES 30s — £27-£28,000 p.a.
UK bank in course of rapid expansion seeks business graduate with at least 4 years' banking experience or AIB and several years' banking experience, able to sell the bank's credit and specialised services to UK corporate clients. A good lending background and experience in dealing with middle to small sized companies is a prime factor as are good contacts and motivation to seek out new markets.

Please speak with
Elizabeth Hayford on
377 5040

LJC BANKING
146 Bishopsgate, London EC2M 4JX: 01-377 8600

MANAGEMENT CONSULTANCY – FINANCIAL SERVICES

If you can talk the language of money, geld, monnaie, bengar, soldi or dinheiro, we'd like to talk to you.

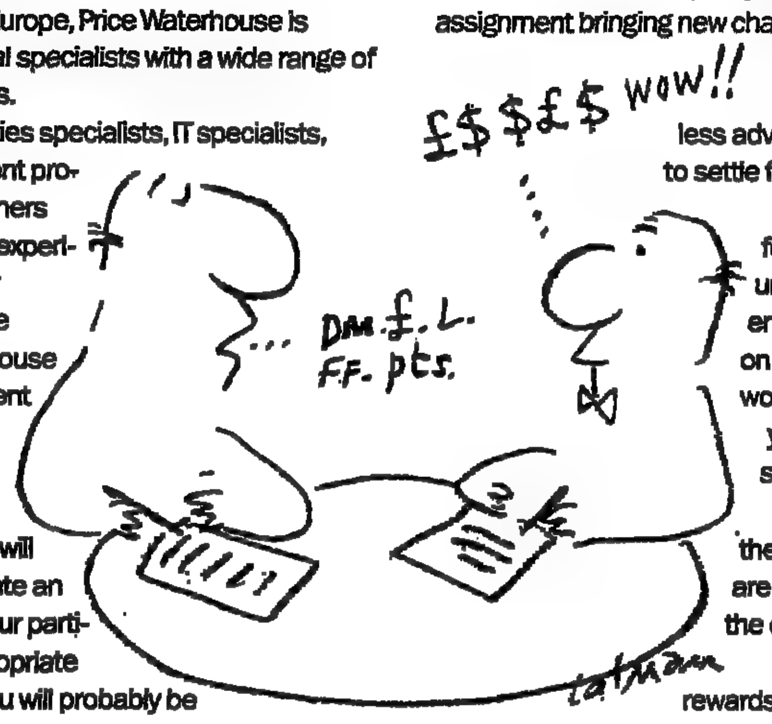
As part of the burgeoning demand for our consultancy services throughout Europe, Price Waterhouse is interested in meeting bilingual specialists with a wide range of financial service backgrounds.

These include Securities specialists, IT specialists, Treasury and Risk Management professionals and strategic planners with proven financial service experience. English can be a first or second language and the size and scope of the Price Waterhouse practice is such that permanent appointments can be offered in most European financial capitals.

To be considered you will have to be able to demonstrate an exceptional track record in your particular specialisation plus appropriate professional qualifications. You will probably be in the 25-35 year age range and a graduate (although this is not always essential). If you qualify on the criteria thus far, please spend a little more time in learning about what is, after all, a very significant career opportunity.

Whether you are currently working for a securities house, investment bank, broker, fund management group or international conglomerate, you'll find the working environment at Price Waterhouse quite different to anything else you've previously experienced.

For a start you'll be given a great deal of freedom. You'll find that the nature of your job changes frequently, with each assignment bringing new challenges. A successful consultant finds this interesting and stimulating, whereas his or her less adventurous brethren might prefer to settle for the quiet life.



This is an unusual opportunity for those who would welcome an unusually liberal working environment where the emphasis is on initiative and self-motivation. You'll work hard – probably harder than you've worked before but the job satisfaction is enormous.

You'll be in good company – the standards at Price Waterhouse are incredibly high – but then so are the expectations of our clients.

As you'd expect, the rewards of consultancy are substantial for those with the specialist experience.

But the people we are seeking will not just be looking for an excellent financial package. They'll also appreciate that consultancy with Price Waterhouse can give them a distinct edge in the development of their career.

If the past 367 words intrigued you sufficiently to learn more about Consultancy with Price Waterhouse, please write quoting MSC/8436 to Michele Deverall, Price Waterhouse, Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

INTERNATIONAL PORTFOLIO MANAGEMENT

Performance Measurement Analyst

The successful management of international securities portfolios, totalling over $10 billion, takes the combined expertise of a variety of dedicated professionals – particularly in the growing area of Investment Performance Measurement.

You will be joining a team which is *measuring the performance of internationally invested portfolios against various market indices* and *providing data analysis for world-wide managers on a timely basis.*

We are looking for a graduate (preferably mathematics/statistics, although this could be a specialisation in another degree) who has had some experience with statistical/quantitative analysis in a financial environment. This should have involved some systems development work as well as using a PC. Creative and original thinking will also help you to make a significant contribution to the additional and evolving needs of our clients. As the job involves *a lot of contact with users, good interpersonal skills are of vital importance.*

The starting salary is negotiable and 'large bank' benefits include mortgage subsidy facilities, profit-sharing bonus, non-contributory pension and life assurance schemes and medical insurance.

Please write with a complete c.v. to Mary Thom, Personnel Manager, J.P. Morgan Investment Management Inc., 83 Pall Mall, London SW1 5ES.

J.P. Morgan Investment

Investment Analysts

UK Equities

Backed by a proven long term investment record, Provident Mutual has funds under management exceeding £3.4 billion and continues to grow rapidly.

We now seek additional analysts to join our successful UK equity team. Responsible for analysing specific sectors of the UK equity market, the job holders will report directly to the Fund Manager. These posts present excellent opportunities to make a positive contribution to our investment performance and longer term there are good prospects for career development into fund management.

The successful applicants will have up to two years' experience of investment analysis and be graduates, preferably in economics or a related subject. In addition they must be able to demonstrate a high level of commitment, good communication skills and the ability to make an early contribution.

An attractive salary is offered and benefits will include non-contributory pension, free life assurance, subsidised BUPA and low cost mortgage facilities.

Please write with full cv, including current salary, to Mr D. I. Willcock, Personnel Superintendent, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL

OPPORTUNITIES TO JOIN A HIGHLY REGARDED CURRENCY AND FIXED INTEREST TEAM

Guinness Flight, formerly the investment division of Guinness Mahon, is seeking to expand its highly regarded currency and fixed interest team with the addition of an investment manager and an assistant investment manager. The company operates as an investment "boutique"; is both innovative and ambitious and continues to experience rapid growth.

The successful candidates are likely to have good degrees and/or MBAs and to be self motivated, articulate and numerate. They are also likely to have at least two years of relevant experience in one or more of the major international fixed interest sectors. Experience in either the Dollar or Sterling sectors would be an added advantage.

The remuneration packages will fully reflect the experience of the successful candidates and the importance attached to these appointments. They will also include the prospect of a participation in the equity of the business.

If you would like to be considered for either of these positions please contact Barbara Wadey on 01-623 9333 ext 2363 or write enclosing a comprehensive curriculum vitae to Howard Flight,

GUINNESS FLIGHT
GLOBAL ASSET MANAGEMENT LIMITED
PO BOX 188, 32 ST MARY AT HILL, LONDON EC3P 3AJ

GUINNESS FLIGHT

Senior Operations Manager

Major International Investment Company

Our client is the London-based subsidiary of one of the largest U.S. insurance companies. It is concerned mainly with the international investment management of several billion dollars. An experienced Operations Manager is sought to join the small, dynamic management team.

Reporting to the Managing Director and working closely alongside the Financial Controller and investment managers, the successful candidate will direct and motivate a team to ensure the smooth running of the settlements system.

Settlement experience of all major securities exchanges including Cedel and Euroclear is essential, as is computer literacy. The Operations Manager will play a pivotal role in the future growth of the business and strong communication and man-management skills are therefore required.

An attractive base salary, performance related bonus and substantial benefits package are offered for this key appointment.

Please reply with full C.V. details to Box 7F3, Search Resources International, Rapier House, 40/46 Lambs Conduit Street, London WC1M 3LJ.

General Manager

Retail Financial Services

West End — **c.£35,000 + Car & Bonus**

This challenging opportunity will appeal to an ambitious stockbroker or dealer who is looking for rapid progression within the Financial Services Sector. Our client, a prestigious stockbroking company, is a major force in this sector and wishes to appoint a General Manager to run its flagship money centre in the West End.

The key role is to provide sound financial advice and dealing services to a broad consumer segment who wish to exploit suitable investment opportunities through a cost-effective, fast response service. You will head a team of five high calibre staff backed by the latest information systems.

Ideally you will be a Registered Member of the Stock Exchange with proven experience in Private Client Portfolio management or dealing. You will have excellent communication skills and be able to demonstrate authority in dealing with a broad client profile. Total management commitment is being put behind this operation and career prospects are therefore extremely interesting.

Please send a detailed CV, including daytime telephone number, in strict confidence to John Salmon, at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel. (01) 930 6314.

MAL Management Appointments Limited

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c. £40,000 neg

A famous international Banking Group requires a person to manage world wide funds of c. £100 million. Applicants will have to have five years' relevant experience of managed funds and unit trusts. Benefits include bonus, sub-mortgage, generous car allowance, BUPA etc. Telephone Angus Watson on (01) 626 5524.

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01-439 1701

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Company Secretary/ Solicitor
Chelmsford

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We wish to recruit a Solicitor based in Chelmsford to succeed the present Company Secretary who retires early in 1988. Reporting to the Corporate Planning Director, the Company Secretary will also provide a legal advisory service and be responsible for a department which covers administrative and estates management.

You will have company secretarial and general administrative experience, a good working knowledge of company contracting law, and hold a solicitor's practicing certificate.

We are able to offer an attractive package, with a salary negotiable around £30,000 pa, a company car, a contributory pension and life assurance scheme, BUPA, and participation in our Profit Share Scheme after qualifying service. As part of a major Group, future career opportunities are excellent.

Please write with career details to:
Mr. A. Smith, Personnel Director, Britvic Corona Limited, Britvic House, Broomfield Road, Chelmsford, Essex CM1 1TU.

Why commute when you have the City of London on your doorstep?

Stockbroker

Bury St. Edmunds — **£13,500-£17,500 + bonus**

Laing and Cruickshank Investment Management Services is one of the country's leading Private Client stockbrokers and in Bury we have a superbly equipped office giving immediate access to dealers, TOPIC etc. – simply like being in the City of London itself.

Due to the expanding demand for our services we now need an individual aged 25–35, with at least 3 years' stockbroking and investment advisory experience, ideally with some existing clients, to work with our Branch Director in Bury. Most of our business involves dealing directly with private clients or with Solicitors and Accountants.

A base salary of £13,500–£17,500 is envisaged, plus a significant bonus based on profit share, we also offer a fully comprehensive benefits package.

Add life to your stockbroking career.

Please write with full cv to: Liz Knott, Manager Personnel Services, Alexanders Laing & Cruickshank Holdings Limited, Mercantile House, 66 Cannon Street, London EC4N 6AE. Tel: 01-236 0233.

Laing & Cruickshank
Investment Management Services Ltd

Mercantile House Group

mondial

OFFSHORE SALES MANAGEMENT

INTERNATIONAL FINANCIAL SERVICES

As a successful Sales Manager in the financial services industry you will have been approached by many organisations offering you career progressions which usually are predictable, financially unexciting and lacking in job satisfaction.

We believe that the situations which we have to offer within our company are unique and can change all that.

Our name is Mondial and we are a newly established brokerage specialising in financial planning for the expatriate community.

Mondial is an affiliate of Hansard Financial Trust, a major international financial services group with assets in excess of £200,000,000. We have invested a substantial amount of capital, time and effort to develop the products, training and back-up systems necessary to provide first class professional advice and service to this growing and specialised market.

We now wish to appoint a small number of entrepreneurs to locate in key areas and spearhead the development of our sales force on a global basis. The people we seek will be experienced within the financial services industry (if you have expatriate experience even better); high achievers who are excited by the challenge of a ground floor opportunity and attracted by the financial rewards and obvious benefits associated with developing an offshore operation.

To discuss more about us and the outstanding worldwide career opportunities we have to offer and our financial package which includes share participation, please forward a copy of your c.v. to Peter Bray Ref. No. FTJ0001. All replies will be treated in the strictest confidence.

Peter Bray Associates, Executive Selection
3 Blake House, Admirals Way, Waterside
London E14 9UF

UNIQUE OPPORTUNITY

Credit Department

Senior Banking Appointments

Our client is a long-established, well-known global financial institution, headquartered overseas. It is applying for U.K. banking status under the Banking Act 1987, and in anticipation of this development persons are now sought to fill the following two key positions.

Manager – Credit Department — c.£36,000 + Car + Banking Benefits

Reporting to the General Manager in charge of credit activities, this person will be responsible for developing and installing a comprehensive system of credit procedures and controls for the analysis and assessment of individual credits, and will also be Secretary of the Credit Committee. The person sought is likely to have had not less than 10 years' experience in U.K. and international banking, and to be fully conversant with the techniques of credit analysis and control.

Credit Controller — c.£26,000 + Banking Benefits

Reporting to the Manager – Credit Department, this person will be closely involved in the establishment of a credit control and reporting system, and for the subsequent operation of that system to ensure that exposure risks are controlled. The appointee will also be responsible for the adequacy of transaction documentation. The person sought will have had not less than 5 years' experience in U.K. and international banking, and will be fully familiar with computer-based credit control procedures and with the documentation of international transactions.

Both positions offer exceptional opportunities to become involved in the establishment of a significant new participant in the financial markets. Salary will be supplemented by an attractive benefits package including a subsidised mortgage *and non-contributory pension.*

If you wish to be considered for either of these positions please write, in confidence, enclosing a c.v. and details of current remuneration, to Douglas Austin, ref. B.7017.

MSL International

MSL International (UK) Limited,
52 Grosvenor Gardens, London SW1W 0AW.
Offices in Europe, the Americas, Australasia and Asia Pacific.

AN EXCITING ALTERNATIVE TO TRADITIONAL
CREDIT ANALYSIS

Bankers Trust Company

- *CLIENT CONTACT*
- *TRAVEL : SOUTHERN EUROPE*
- *UP TO £25K PACKAGE*

Bankers Trust is one of the most progressive and successful international merchant banks. They are looking to recruit an additional bank Credit Analyst to join their regional Risk Management Group in London.

You will be responsible for undertaking detailed credit analyses of their banking clients in Italy and Spain. Working independently, you will develop, organise, and present information that will enable them to make informed judgements about the institutions that form their client base as issuers and counterparties.

The work requires your having had solid training in credit analysis, preferably in a US Bank of comparable stature, followed by a minimum of 2 years experience in analysing financial institutions. Ideally, you will speak Italian and Spanish fluently. You will need to travel with some frequency to maintain contact with our clients and with the market.

The excellent salary, bonus and benefits package will reflect the mix of experience, skills and motivation that you bring into the organisation. If you are interested in furthering your career with their progressive organisation please write with a comprehensive cv to: Sarah Beaumont of Slade Consulting Group (UK) Ltd, Metro House, 58 St. James's Street, London SW1A 1LD, quoting ref L246. Alternatively telephone her for more information on 01-629 8070. All applications will be treated in strictest confidence.

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SLADE CONSULTING GROUP (UK)

Hoggett Bowers plc

Executive Search and Selection Consultants

CITY DIVISION

Eurobond Sales — ***£Neg***
A major Japanese bank seeks an experienced bond sales person to join its dynamic team. Candidates will be involved in placing new issues and in secondary sales. At least three years all round experience is required.

Senior Auditor — ***To £25,000***
Our client, a leading US Investment Bank, seeks to recruit a Senior Auditor to join its auditing function which is responsible for all areas of its business in the UK and Europe. The appointee will be aged late twenties to mid thirties and be either a newly qualified ACA or a graduate with significant internal auditing experience within an International Bank. Duties will include risk control and contributing to internal policy-making.

Accountant — ***c.£23,000***
A prime International Bank seeks a recently qualified ACA to work within the field of Project/Corporate finance. Reporting to the department manager, the candidate will fulfil an active role in organisation/implementation of major assignments. No specific experience is required, though emphasis is on a first class academic record supported by professional training within Big 8 accounting firm.

Fixed Income Sales — ***£Neg***
We have a number of opportunities for experienced fixed income salespeople who would be interested in joining a major UK merchant banking institution. Our client would be particularly interested in experienced young candidates with additional linguistic talent (especially in Japanese) in order to cope with its increase in Far Eastern business. Excellent career opportunities exist within this expanding organisation.

Accountant — ***c£20,000***
Major US Bank seeks two recently qualified ACA's (from 'Big 8' firm) to work in risk analysis. Reporting to the manager of Financial Control, the job will involve liaison with Forex traders and other departments. Academic achievement is more important than secific work experience.

Credit Analyst — ***£20,000***
A Senior Credit Analyst with at least three years credit experience embracing a cross-section of corporate credit analysis is currently sought by this prime US Bank. The position is based within their middle Eastern/African group involving collating information, extensive analysis and monitoring credit limits. Strong interpersonal skills are required as the role involves presenting credit proposals and liaising with senior levels of management. Long term prospects exist to move into marketing.

Account Manager — ***£20,000***
Our client, a prime European name wishes to recruit an additional Account Manager. Applicants will be graduates who have had sound contact with medium size UK corporates, in addition to being familiar with lending and Treasury products. A minimum of two years marketing within this sector is required, and a knowledge of French would be an advantage. Aged 28-32.

Junior Sales/Trading — ***To £20,000***
On behalf of our client, an International Securities House, we would be interested to meet young ambitious applicants who are interested in moving into selling Far Eastern stocks to UK institutions. You should either have at least six months exposure to the settlements procedures related to warrants and convertibles or currently be performing a similar role in a major institution.

01-588 4305/6 *Moorgate Hall, 153/157 Moorgate,* **LONDON EC2M 6XB.**

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Required to work in overseas advertisement department of Financial Times. Responsibility for sales and administration of Japanese business.

Apply: Simon Tinnis, Overseas Advertisement Director
Financial Times, 10 Cannon Street, London EC4P 4BY. Tel: 248-8000 ext 3276

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Our client is the investment arm of a successful international organisation operating in 25 countries and providing a wide range of investment management services.

To meet the challenges and opportunities brought about by rapid growth and a commitment to future expansion it has been decided to appoint five high calibre professionals with a knowledge of international money management who will be involved in the innovation, launch and development of a new range of financial services and who will operate on a regional basis within a global framework.

A good track record in financial services, strong leadership and excellent communicative skills are vital prerequisites for these very important appointments.

Substantial remuneration packages including car, Mortgage assistance and relocation where applicable will be available for the right candidates.

For further details please contact: Terry Read or write enclosing a full c.v to

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FOREX

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NEW JAPAN SECURITIES EUROPE LIMITED

FIXED INTEREST SECURITIES

TRADING / SALES

Due to the continued expansion of our business, a number of challenging positions have arisen on the trading and sales side of the fixed interest securities desk. Applications will be considered from positive, well-educated people aged 20 to 30 with a wide interest in financial and economic affairs and who are prepared to work in multi-national/Japanese environment. Previous experience, whilst an advantage, is not essential since training will be provided. Knowledge of foreign languages would be beneficial.

The posts offer excellent career prospects as well as opportunities for overseas travel. Remuneration will be competitive and commensurate with experience.

Please apply in writing only, with a full curriculum vitae, to:

PERSONNEL DEPARTMENT/FT DESK
4 Fenchurch Street, London EC3M 3AL

The application should be received by us no later than 17th July 1987

REUTERS

Capital Markets Journalists

Reuters, the leading world news and information organisation, is seeking Capital Markets journalists to join its expanding team of specialists in London. The candidates will have professional experience of video-editing.

Vacancies exist for fast and accurate market reporters to produce frequently updated reports on Gilts, Eurodollar and Yen secondary market trading and the Sterling money market. Candidates must have expertise in at least one of these specialised fields and be able to talk to Dealers on their own terms.

The posts also allow scope for initiative reporting.

Please telephone 01-363 7329 (24 hour answering service) or send a full curriculum vitae to: The Recruitment Executive

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London EC4P 4AJ

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INVESTMENT MANAGER

Outstanding opportunity in Equities investment management

This is an opportunity to work in a highly professional Company which manages an interesting variety of institutional funds and unit trusts. You would be primarily responsible for Equity investments and one of the main attractions of the job is the degree of autonomy which will be extended. The climate in the Company is informal and as the number two to the Investment Director you would be a key member of the management team and fully involved in overall investment strategy.

You are likely to be in your late twenties/thirties and should have gained a number of years experience in the management of UK Equity investments. Well developed communications and interpersonal skills are essential requirements.

This appointment carries a highly competitive salary, a Company car and an attractive non-contributory pension scheme. If you would like to be considered, please write in confidence to:- **John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11-15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.**

John Sears and Associates A MEMBER OF THE SMCL GROUP

RECRUITMENT CAREER

You are an experienced recruiter with an in-depth knowledge of City banking and ideally, the Capital Markets in particular. This is coupled with the ability to lead our successful team as the Manager, plus a desire for your hard work and expertise to gain you job satisfaction, an attractive salary package and career progression.

Call Lyn Cecil,
Group M.D., on 439-7001

LJC BROKING

146 Bishopsgate, London EC2M 4JX. 01-377 5040

International Banking

MONEY MARKET DEALER to £25,000

A respected International Bank, well established in London, has an opening for a well educated dealer, probably mid 20's and with several years exposure to the money markets, particularly in Sterling. The bank has a progressive attitude to its dealing operations and the successful candidate will have the opportunity to trade new instruments, financial futures, FRA's, options etc.

Interested dealers are invited to call Gordon Brown personally, for a confidential, informal discussion on this position.

BANK RECRUITMENT CONSULTANTS.

Gordon Brown

57/59 LONDON WALL, LONDON EC2M 5TP TEL: 01 628 7601

PORTMAN

BANKING CAREERS

TRAINEE

MARKETING OFFICER

£18,000

Due to continued expansion this well known International Bank have an excellent career opportunity for an ambitious banker. The successful applicant will be a graduate with two years' experience from an International or Merchant Bank and good analysis skills. This position offers a dynamic, determined credit analyst the opportunity to train in Marketing.

For further details, please ring:
Gaynor Harris on 01-236 1113
or write to:
13/14 Great St Thomas Apostle, London EC4V 2BB

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01-236 1113
Portman Recruitment Services Limited

Commodity Division

COCOA TRADER

Our client is a growing trading subsidiary of a large and well-established UK financial services group.

They are currently seeking a physical cocoa trader, ideally with at least five years' trading experience and with some knowledge of futures trading. Interested applicants must be able to demonstrate a successful track record in this field and should be able to make an immediate contribution within a close-knit trading team. Applications will also be considered from talented cocoa analysts wishing to make the transition to trading.

If you are able to meet the above criteria please contact Trish Collins or Katrina Webster on 01-256 6833 or send full CV in strictest confidence to Reed City, 94 Old Broad Street, London EC2M 3B.

REED City

COMMERCIAL LAWYER

AN INTERNATIONAL FINANCIAL SERVICES GROUP

Has a vacancy for a qualified solicitor who will have substantial experience of commercial law including prospectus work, public and private mergers and acquisition, etc. This new position arises from our expansion into the United Kingdom and offers excellent prospects for advancement. An initial salary of £20,000/£25,000 is envisaged.

Candidates should respond in writing and provide a detailed account of their relevant career highlights as part of a full curriculum vitae to:

Mr A. Moawalla
SAUDI INVESTMENT COMPANY
14 Stanhope Gate
London W1Y 5LB

BRANCH MANAGER

A European bank which is setting up a branch in the City requires a manager to establish it.

He should have at least five years' experience in running a branch and should be conversant with the systems, controls and reporting which are part of the day-to-day responsibility of a manager.

French, German, Italian or Spanish language ability would be an advantage.

Hand written application with typed C.V. to Box A0801, Financial Times, 10 Cannon Street, London EC4P 4BY.

International Appointments

WANTED

RIYAD BANK

SOFTWARE DEVELOPMENT

Riyad Bank is one of the largest Middle East financial institutions with a relatively large branch network. The Bank has embarked on one of the most sophisticated banking automation programs ever undertaken anywhere in the world. This program pushes technology to its limits in terms of using micro-processor-based universal-work-station (UWS), local area networks (LAN), fourth generation (4-G) languages and latest IBM top-off the line main-frame technology.

To complement this team, the Bank is seeking to fill the following positions:

Lead MVS/XA Systems Programmer

Major Duties:

Directions setting
Methodologies generation
Product evaluation and selection
Maintenance strategies formulation
Performance monitoring
Capacity studies

Experience: 5 - 10 years IBM main-frame experience

MVS/XA Systems Programmer

Major Duties:

CBIPO composition
SW maintenance, SMP/E
MVS/XA customization
System library contents
JES2 customization
RMF customization

Experience: Minimum 5 years related IBM experience

I/O SYSTEMS PROGRAMMER

Major Duties:

Maintain physical I/O configuration
IOCP - generation
DFP installation
Space management

Experience: Minimum 5 years related IBM experience.

General Systems Programmer

Major Duties:

TSO installation
User-id allocation
Catalogue management
Library maintenance
ISPF/PDF customization
RACF installation

Experience:: Minimum 5 years related IBM experience

Lead SNA Systems Programmer

Major Duties:

Directions setting
Methodologies generation
Evaluate architectural features
Evaluate product functional content
Design and configure S/W communication systems

Experience: Minimum 5 - 10 years related IBM-SNA experience

SNA Systems Programmer

Major Duties:

Network naming conventions
Route planning
ACF/VTAM customization
ACF/NCP/VS installation
NETVIEW installation
NCCF customization

Experience : Minimum 5 years related IBM-SNA experience

CICS/VS Systems Programmer

Major Duties:

CICS/VS customization
DISOSS customization
PS/370 customization

Experience: Minimum 5 years related IBM-CICS experience

Communication S/W specialists

Major Duties:

3725 configurations
3270 customization
Problem determination tools and techniques utilization
NPDA customization

Experience: Minimum 5 years related IBM-VTAM/ACF experience.

PRE REQUISITES TO ANY OF THE ABOVE POSITIONS ARE:

University Degree in related fields
Work experience in large IBM-based DP installations for a minimum of 3 years; preferably in major bank.
Capability to transfer experience to the Saudi members of the Bank's teams.
References

Riyad Bank DP environment is an SNA environment with a dual IBM host running under MVS/XA O/S and relational data-base; with late 1980's distributed processing and data-base network at the micro-processor level.

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London Branch
Temple Court
11 Queen Victoria Street
London EC4N 4XP
England.

not later than July 15th. 1987.

Financial Analyst

Apple

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All replies will be treated in confidence

US RAILWAYS

William Hall on the implications of the order to dismantle Santa Fe Southern Pacific

Golden opportunity for new railroad barons

THE REVERBERATIONS of last week's decision by the US Interstate Commerce Commission (ICC) to order the decoupling of the Atchison, Topeka and Santa Fe Railway from its larger but less profitable partner, the Southern Pacific Transportation Company, will be felt across the US railroad industry for years to come.

Santa Fe had the backing of the US Department of Transport and could have appealed against the decision to block its 3½-year-old merger with Southern Pacific but has decided that it is not worth the trouble.

The ICC's action, which reflects its concern about the anti-competitive effects of merging two Western railroads with overlapping routes, means that Sante Fe Southern Pacific will have to submit a plan by the end of September detailing how it will dismantle the third biggest US railroad network. It has two years to complete the task.

It is a prospect which is being quickly digested by a new generation of American railroad barons and Wall Street financiers who see it as a golden opportunity to lay their bets on the shape of the 150-year-old industry for years to come. Not since the infamous robber barons of the last century carved up their railroad empires, has the US railroad system been in such a state of flux. It would be a brave person who predicted the outcome.

The industry went through a wave of mergers in the late 1970s and early 1980s which saw 17 big rail systems reduced to six large carriers. The US Government had started the process on the east coast by creating the Consolidated Rail Corporation (Conrail) in 1976 from the bankrupt remains of several North Eastern railroads.

In 1980 the Seattle-based Burlington Northern merged with the St Louis-San Francisco Railway to form the largest US railroad system and over on the east coast the Chessie System and Seaboard Coastline combined into CSX, the second biggest network. Two years later two similar sized groups, the Norfolk and Western and the Southern Railway, merged into Norfolk Southern and on the west coast Union Pacific spent $1bn creating the third biggest US rail network.

All these acquisitions were quickly approved by the ICC. It had encouraged Sante Fe Southern Pacific to believe that its own plan, which had been precipitated by the rival moves, would be rubber stamped by a friendly Republican Administration. It would have joined Burlington Northern and Union Pacific as the third big railroad system west of the Mississippi, matching the three main eastern railroad systems, CSX, Norfolk Southern and Conrail.

> The lack of strong leadership at Santa Fe during one of the most troublesome periods in its history increases the chances that an outside suitor may emerge while the group is divesting itself of one or both of its railroads.

However, the final piece in what seemed to be a relatively easy US railway jigsaw puzzle did not fit and the main players are now contemplating their next move.

Until now there has never been a big contested takeover bid in the US railroad industry but they used to say the same thing about other highly regulated industries such as broadcasting and airlines. These have subsequently been transformed by a spate of mergers over the past couple of years.

Is the same thing about to happen to the US railroad industry? Judging by the increasing intensity with which takeover rumours have been swirling around some of the most famous names in the industry there is a chance.

The Henley Group, which was floated on the stock market last year with the express purpose of making money for its savvy institutional shareholders by shuffling assets in rather sleepy corporations, has already acquired a stake in Santa Fe Southern Pacific. Analysts have estimated that the two railroads are worth $3bn, the company's real estate is worth another $5bn and various oil and gas interests are valued at more than $1bn.

Santa Fe Southern Pacific's shares have doubled over the last year, reflecting the growing Wall Street belief that the company is worth more dead than alive. This perception is fuelled by the current vacuum at the top of the company after the surprise resignation on Easter Sunday of Mr John Schmidt, chief executive.

Mr Schmidt, who had been blamed for antagonising the ICC, has been replaced temporarily by Mr John Reed, the 69-year-old former chief executive of Santa Fe, who has been brought out of retirement until a successor is found. However, the lack of strong leadership at the top of the group during one of its most troublesome periods increases the chances that an outsider suitor may emerge while the group is divesting itself of one or both of its railroads.

There are several possible suitors within the US railroad industry but the chances of a big US railroad making a successful bid for some or all of Santa Fe Southern Pacific have been complicated by the ICC's tougher stance on take-overs.

BIG RAILROADS' TRACK RECORD
(First quarter)

	Mkt cap $bn	revs $m	net inc $m	Staff	Route miles
Sante Fe	8.3*	467	19†	22,368	11,661
Southern Pacific	—	559	6†	26,131	13,136
Union Pacific	8.2	1,301	122	44,000	21,000
Norfolk Southern	6.2	980	125‡	38,300	17,500
Burlington Northern	6.0	1,658	69	44,000	27,706
CSX	5.4	1,893	73	53,000	24,000
Conrail	2.3	788	54	35,000	25,000

* Combined figure for Sante Fe Southern Pacific. † Operating income of railroads only. ‡ Includes $32.8m after-tax gain on sale of Piedmont shares.

The most obvious candidate within the industry is Norfolk Southern, which is based in Norfolk, Virginia, and has a strong balance sheet. The US Department of Transport had planned to sell Conrail to Norfolk Southern for $1.9bn but this was aborted last year after fierce opposition from Norfolk Southern's competitors. Eventually, Conrail, smallest of the six big US railroads, was floated on the stock market earlier this year.

Norfolk Southern is far less diversified than many of its rivals which have big energy interests and it is under considerable pressure to make an acquisition. Earlier this year it made an abortive take-over bid for Piedmont Airlines and several years ago held tentative take-over talks wtih Sante Fe Industries before the latter agreed to merge with Southern Pacific.

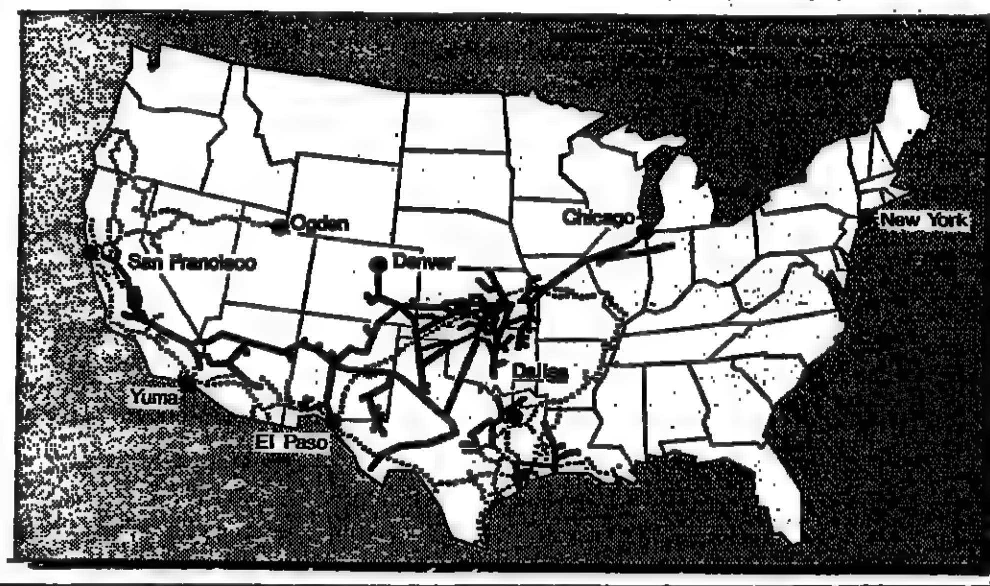
CSX, Norfolk Southern's arch-rival, has made several acquisitions in related parts of the transport industry, the most recent being the $800m plus purchase of Sea-Land, the big US container shipping group. While it has indicated that it is not interested in buying another railroad its attitude could change if it looked as if Norfolk Southern planned to make a move. CSX was one of the bitterest opponents of Norfolk Southern's planned acquisition of Conrail.

On the west coast, Union Pacific and Burlington Northern could have difficulty winning regulatory approval for any takeover of parts of two railroads which overlap with their own route networks. However, Burlington Northern has already expressed an interest and Union Pacific cannot be ruled out.

Mr Drew Lewis, a former US Transportation Secretary and a very successful businessman, takes over as chief executive of Union Pacific later this year and observers do not expect him to stand-by idly while the US railroad industry is restructured.

A final wild-card from within the industry is Conrail. It is much smaller than the other companies and its operations are heavily concentrated in the north-east of the US, making it vulnerable to an economic downturn. Mr Stanley Crane, the 71-year-old chief executive, is a former Southern Railway man, and might view a merger with either Santa Fe or Southern Pacific as a way of ensuring the long-term survival of his fledgling railroad.

For all the companies the key attraction of the present uncertainty over the future of Santa Fe Southern Pacific is that it presents an unexpected chance to create the first transcontinental railroad with a big east coast system linking up with a west coast system. It has been the dream of many railroad barons.

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CONTRACTS

Developing London's key areas

TROLLOPE AND COLLS MANAGEMENT, a Trafalgar House company, has been awarded a management contract for the construction of "Admiral House" — a headquarters office development worth nearly £3m by Lysander Developments and Burnham Estates (Centrovincial Estates, at 60-66 East Smithfield, London E1.

The 36,000 sq ft gross of quality office accommodation will be constructed in one of London's key areas of revitalisation and development — between Tower Bridge and Wapping. The building will offer full air-conditioning and a comprehensive range or services and facilities including a basement car park.

The former building has been demolished and Trollope and Colls will commence work on site mid-July. The first stage of work will be the construction of a retaining wall and some under-pinning. The foundations will comprise 107 bored piles.

The new building will have a reinforced concrete frame and precast floors. There will be integrated brick and reconstituted stone cladding with an enamel and steel clad mansard. An elegant marble clad reception area will lead the way into the offices and an attractive internal feature will be a central light well.

★

DOW-MAC CONCRETE, a member of the Norcros Group, has gained six contracts together worth £4.4m. Three of the orders involve car parks. A £1.3m order comes from Taylor Woodrow Construction (Northern) for a multi-storey car park adjoining a Morrison Supermarket in Blackburn. In a £1m contract Dow-Mac will manufacture and erect Spanframe and Double Tee beams for a multi-storey car park and service deck for a Docklands development by Harry Neal. The car park will be at Wapping and will be alongside early Victorian warehousing which is being refurbished as a shopping area. Taylor Woodrow Management has awarded a £225,000 contract to Dow-Mac for a single-deck car park at the new ASDA/MFI group headquarters in Leeds. Dow-Mac pre-tensioned bridge beams and pre-cast reinforced concrete beams, worth £1.6m, are being supplied to Edmund Nuttall for a new pier and hammerhead jetty for the Royal Navy at Crombie on the Firth of Forth. A £300,000 order has come from Redpath Dorman Long for a heavy loaded suspended floor and loading dock at News International's printing works in Wapping.

★

HIGGS AND HILL BUILDING has been awarded two contracts worth over £5m to design and construct office buildings in Moorgate, London EC3 and in Bromley, Kent. At 30-34 Moorgate a high quality 36,000 sq ft office building is to be constructed for JLW Development Services, on behalf of the Midland Bank Pension Trust. It will be constructed on a restricted "island" site and before work can commence an existing seven-storey precast concrete clad building has to be demolished. The new building will have a steel frame with metal deck and lightweight concrete floors and concrete encased perimeter columns and beams.

A new building for Rosehaugh will provide four storeys of office accommodation at Elmfield Road, Bromley, Kent. The building will have a reinforced concrete frame and will be clad in facing brick with a pitched slate roof. A central core will house lift and stair access to the upper floors and will be surrounded by over 14,000 sq ft of open plan air conditioned office accommodation. Internal finishes will be of a high standard and will include raised floors, suspended ceilings and high quality joinery throughout. Parking spaces for 38 cars will also be provided.

★

Construction of a five-storey office building costing £6.8m has been started by NORWEST HOLST CONSTRUCTION for the Royal Bank of Canada in Guernsey. This is the second stage of the contract. Stage one — also carried out by Norwest Holst — consisted of bulk excavation and drainage works involving sheet piling temporary support and included the exhumation of 2,650 bodies from the cemetery on site. The building, with a total floor area of nearly 9,000 sq metres features a reinforced concrete frame on piled foundations. Being built on steeply sloping land two of the middle floors are stepped. Of the five levels, the lowest three are used solely for car parking and plant rooms. The remaining floors are to be used as offices. Access to the car park is by a ramp from street level to underneath the building. Total floor area is nearly 9,000 sq metres. High quality finishes are used throughout the building. Externally bronze-tinted, double-glazed windows, fine granite aggregate pre-cast concrete panels and a mansard roof topped with plain clay tiles will be used.

★

An order worth almost £8m for circulating water pumps together with associated piping and valves at the new Sizewell B nuclear power station in Suffolk, has been won by SULZER (UK) PUMPS of Leeds. Twelve pump sets will be supplied to the Central Electricity Generating Board. Four pumps will form part of the main cooling system, circulating water to the station's two main turbine condensers; four will form part of the auxiliary cooling system, circulating water to equipment associated with the two turbo-generators; and four will form part of the essential service system, circulating water to cool other components.

★

COSTAIN CONSTRUCTION has been awarded a £3m contract by BHS to fit out a new extension on London Road, Lowestoft and to refurbish an existing store. The contract calls for structural alterations, all finishings and fittings to the new extension, refurbishment of the existing store and the installation of new services. The contract has a duration of 30 weeks and is scheduled for completion in December. Costain Construction has also been awarded a contract by BHS to fit out and finish a new store at St Ann's Centre, Harrow, Middlesex.

APPOINTMENTS

Changes at Trafalgar House

The building and civil engineering division of the TRAFALGAR HOUSE GROUP has made the following appointments: Mr Michael J. Allen becomes managing director, UK building, with responsibility for the operations of Trollope & Colls City, Trollope & Colls Management, Trollope & Colls Cementation, Willett and associated subsidiaries. He was managing director of Willett. Mr Richard D. Gillespie is appointed deputy chairman of Cementation Construction, RDL Contracting and Dowsett Construction, having formerly been managing director. Mr John R. Oldham becomes managing director, UK civil engineering, with responsibility for the operations of Cementation Construction, RDL Contratcing, Dowsett Construction, Cementation Piling and Foundations, Cementation Frankipile, Cementation (Northern Ireland) and Cementation (Ireland).

★

LADBROKE GROUP has appointed Mr Tony Grant, the founder of Grant & Partners, as the president and chief executive officer of Ladbroke's US property division.

★

Mr John Hawkins has been appointed group treasurer at TI GROUP. He joins from Air Products where he was European treasurer. Mr Barrie Blackburn has been appointed group director of taxation. He joins from The Plessey Company where he was group taxation controller.

★

Mr John R. Carter has been appointed a director of OCEANA ASSET MANAGEMENT. He was the senior partner of Carter Edmonds and Co.

★

Mr Ian Michell, who was appointed managing director of Miller Homes in February of this year, has jointed the board of the Miller Group. He will retain responsibility for Miller Homes throughout the UK.

★

At THE NORTH BRITISH DISTILLERY COMPANY Mr P. J. S. Russell and Mr T. M. H. Miller have been appointed directors.

★

Ms Sally Mason has joined the ROYAL OPERA HOUSE TRUST as organising director succeeding Mrs Robin Hambro, who was with the Trust for more than ten years.

★

LEASING PRINCIPALS has appointed Mr Andrew Brown as operations director. He joins from Leasedrive where, as one of the founding directors, he spent four years establishing the company's operations.

★

Mr N. Vine and Mr R. Balasuriya are appointed assistant directors of DEVITT (AVIATION), part of the Devitt Group.

★

Mr John Holloway has been appointed director of public relations for SMITHS INDUSTRIES.

★

Mr Vivian Selway Payne, director of planning and transportation, Nottinghamshire C.C., has been elected the 42nd president of the INSTITUTION OF HIGHWAYS AND TRANSPORTATION. His term of office will run until July 1988.

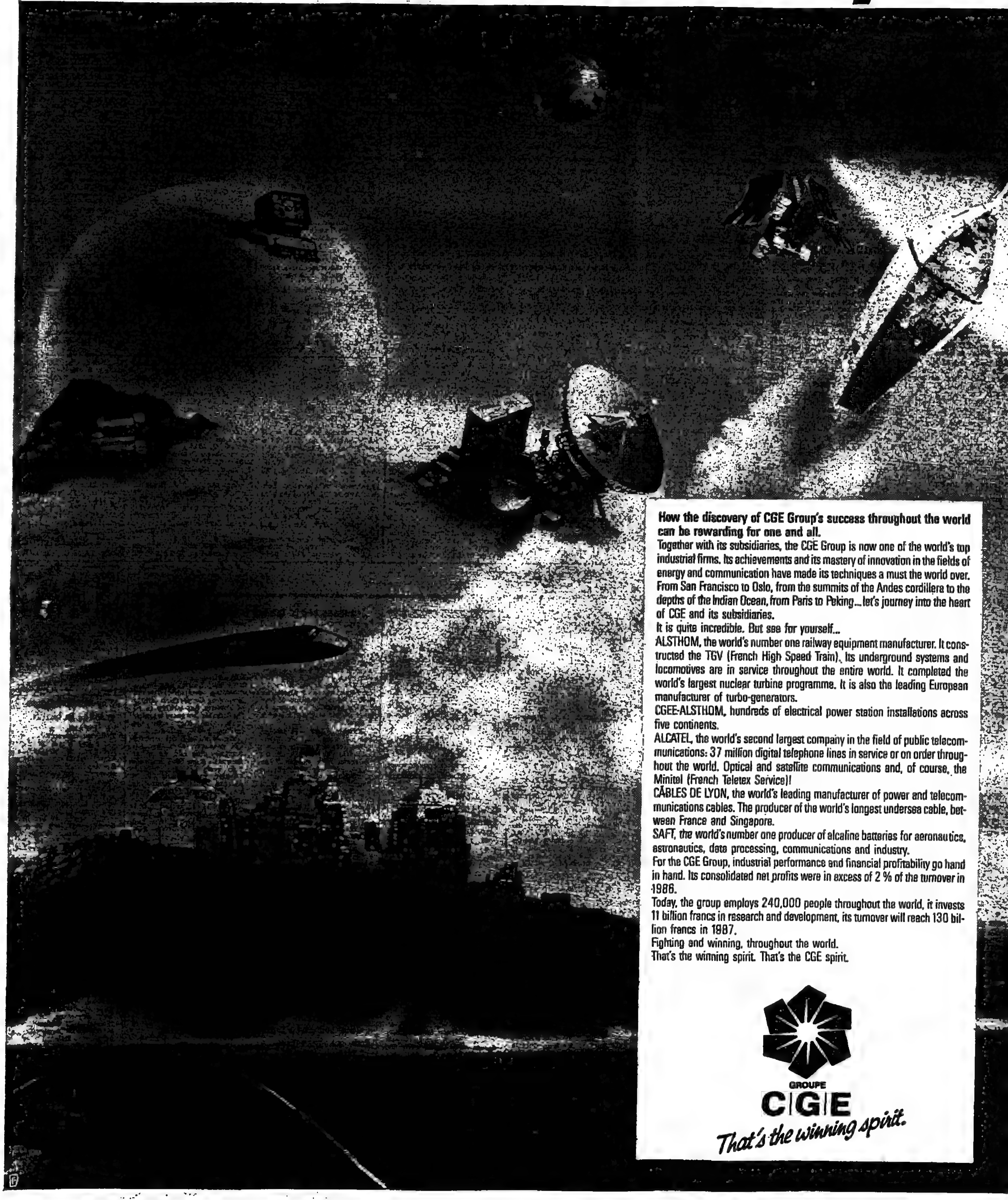
★

Three senior executives have been appointed to the ALLIANCE AND LEICESTER BUILDING SOCIETY'S board of directors. Mr Paul Clifton, general manager (management services), Mr Ian Hamilton, general manager (finance) and Mr Peter White, general manager (development and treasury).

★

ARTHUR YOUNG has appointed Mr Mark Dobell as its first full-time partner for corporate recovery/insolvency in Leeds with responsibility for all Yorkshire. He joins from Peat Marwick, where he has specialised in insolvency work since 1979.

Incredible Journeys...



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For the CGE Group, industrial performance and financial profitability go hand in hand. Its consolidated net profits were in excess of 2 % of the turnover in 1986.

Today, the group employs 240,000 people throughout the world, it invests 11 billion francs in research and development, its turnover will reach 130 billion francs in 1987.

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MANAGEMENT

UK business schools

Big fees rise set to reinforce elitist image

Michael Skapinker on LBS's response to a cut in Government grant

"IT'S MY JOB to be cheerful. You wouldn't want me to be miserable, would you?" protests London Business School principal Peter Moore, when asked about the brave face he is putting on yesterday's announcement that fees for the school's Masters of Business Administration programme are to rise by 124 per cent as a result of cuts in government funding.

When LBS heard last February that its grant would be cut by nearly 20 per cent over the next three years, it predicted all manner of dire consequences. It would, the school said, either have to ditch many of its facilities and courses, thereby forfeiting its high standing both at home and abroad, or it would have to triple its fees for UK and European Community students. It would opt for the latter, putting the cost of its MBA beyond the reach of British students, with the exception of those heading for the big money offered in the City of London.

In the event, the fee increase was somewhat smaller. The general consensus both inside and outside LBS is that the school will have no difficulty in continuing to attract more British and EC applicants than it has places to offer.

But many regard the timing of the cuts by the University Grants Committee as particularly unfortunate. At the end of April, two major reports, one by Professor Charles Handy and the other by Professor John Constable, warned that UK managers had a lower level of education than their counterparts in competitor countries. They called for a major increase in management training and development.

The cut in funding, Moore contends, "is a slightly odd challenge to present to us, coming at a time when the country is crying out for more managers." Moore does not see any conspiracy in the UGC's decision. The committee has merely applied a common funding formula to all post-graduate university business education, a formula which acts to the detriment of smaller schools like London and Manchester.

Manchester Business School has also had its grant cut substantially. Unlike London, which begins its part-time MBA in January next year, Manchester's first 1988 degree course begins in September, giving it a few more months before it has to make a decision. Its director, Rab Telfer, still has some hope of persuading the UGC to change its mind.

The way in which the two schools are using the Handy and Constable reports to support their case is not without its ironies. One of the central conclusions of the reports was that schools like London and Manchester had failed to give Britain the quality and quantity of managers it needed.

Small output

The Handy report said that although the schools, along with others offering post-graduate degrees, were of high quality, their output was far too small. "For whatever reason, the American method of manager formation has not rooted itself in the British culture after 20 years of effort," the report said.

Constable's report added that British employers saw management schools as being "relatively weak in terms of their knowledge of industrial and commercial practice and in their international perspective."

The two reports suggested the establishment of a basic business qualification which all younger managers would be encouraged to complete, to be followed by an MBA-type degree. The initial diploma has not yet been set up and, assuming it receives government approval, will take several years to produce its first graduates.

For this reason Charles Handy, himself a visiting professor at LBS, wishes the UGC had waited at least five years before forcing the school to put up its fees.

American-style business education in Britain has already created "a spurious elite," he says. Forcing people to pay more for it will only reinforce that image, particularly when no alternative system is yet in place. "I don't think the UGC was very sophisticated about it. If they had been aware of my report they could have done things differently."

If and when the new management diploma is established, Handy believes there will still be a market niche for expensive, prestige MBAs like those offered by London and Manchester. Paradoxically, he believes that higher fees might make the schools even more attractive to the upwardly-mobile manager. "Perversely, people think that Harvard is better because it's more expensive," he says.

Even with its new fees of £3,800 a year for its full-time, two-year MBA, London will still be cheaper than its foreign counterparts. Tuition and materials for the one-year MBA at Insead in Fountainebleau, France, cost a self-financing student £9,700 (FFr 95,000). Board and lodging cost an additional £5,000. At Harvard Business School, where the MBA lasts three years, students pay £8,260 ($13,000) a year for tuition. The total cost of spending a year at Harvard—including course materials, room, board and a personal computer —is more than £17,000 ($27,600).

Even so, Moore warns that because students will have to borrow more to pay for their LBS programme, few of them are likely to go into manufacturing companies, which offer lower salaries than they can find in the City.

But LBS statistics show that the vast majority of its graduates are heading for financial institutions or consulting firms already. Last year 75 per cent of LBS graduates went into financial or consulting jobs. Thirteen per cent found work in other service companies and just 11 per cent went into manufacturing, a large decrease over previous years.

Manchester's Telfer believes that graduates are likely to be attracted to financial institutions whatever fees they have to pay for their MBAs. "Most of them will go to the highest bidder, quite frankly, regardless of whether they've got a bigger bank overdraft or not.

But our own research suggests that large numbers of those graduates eventually do migrate back to general management and manufacturing."

Some, both inside and outside LBS, hope that the need to attract applicants at the higher rate of fees will encourage the school to become more market-oriented and offer an MBA which both students and employers will find more relevant to the world of industry, finance and commerce. In their view, LBS has become too academic.

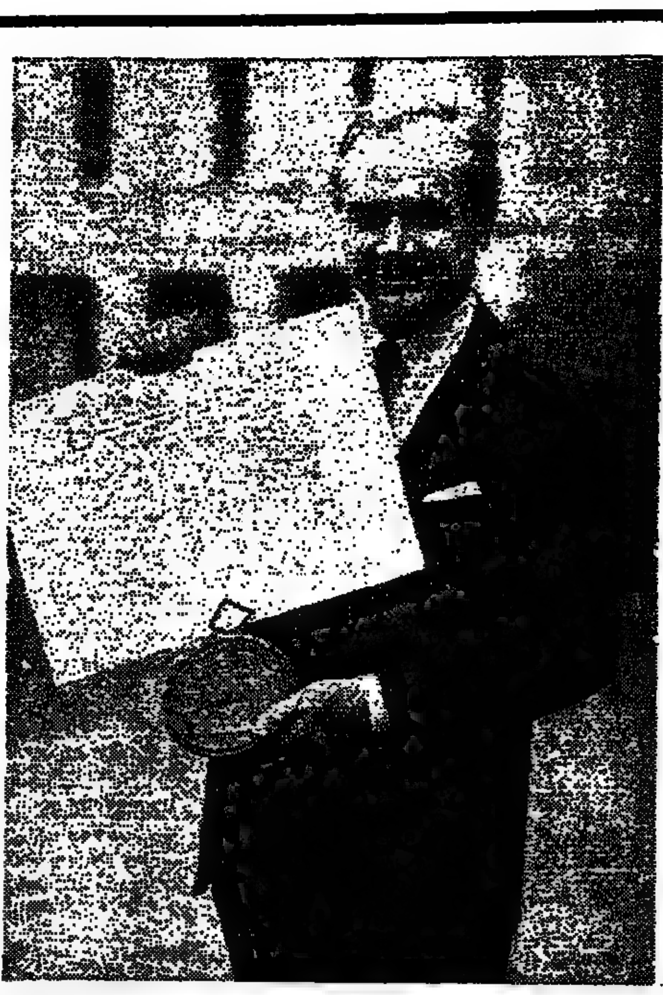
Their argument mirrors that employed by Professors Brian Griffiths and Hugh Murray of City Business School, who called for privatisation of Britain's business schools in an Institute of Economic Affairs paper in 1984.

Robin Wensley, a former member of the LBS faculty, believes that a lot of these criticisms are unfair. "I think it is very easy to parody LBS as being too research-oriented. They've actually got a surprisingly heterogeneous group of people," he says.

Wensley, who is now a professor at Warwick University's business school, adds that the fee increase at LBS could have a beneficial effect on Britain's other business schools, most of which charge around £1,700 for a one-year MBA.

Wensley argues that many of these schools are already quite practical in their orientation, despite Handy's criticisms. With London appealing to more affluent students (or those who intend to become so), the other schools will be able to get on with their own variety of the MBA, free from the need to emulate LBS. "I think it will help people to put LBS into context," Wensley says. "They won't see it as being quite as much of a model."

John Constable points out, however, that if, as it expects, LBS survives its fee increase relatively unscathed, the government might demand that business schools in less prosperous parts of the country follow their example. If LBS "successfully raises its fees, that makes it easier for the government to say 'we told you so' and turn round and cut funding to the rest," he says.



Peter Moore and Royal Charter granted last year: putting on a brave face

MBAs analysed

Graduates claim a real financial advantage

BY MICHAEL SKAPINKER

WHATEVER doubts there may be about the contribution of business schools to the quality of British management, the holders of MBA degrees themselves appear to do well enough—particularly if they started out with the advantage of a public school and/or Oxbridge education.

Research conducted by executive search consultants Egon Zehnder International, Manchester Business School and the Business Graduates Association (BGA), found that the average MBA graduate earns 60 per cent more after graduating than he or she did before going to business school.

According to the study of 536 BGA members, the average MBA graduate is now 38 years old and has a total remuneration package of about £43,000 a year. The upper quartile has a package worth more than £50,000. Two-thirds of the graduates report that they are progressing faster in their careers than managers without MBAs. Two-thirds of the respondents are now in senior management posts.

Ninety-one per cent of the graduates were men. Although the female proportion, 9 per cent, is low, the report says it is slightly higher than that recorded in previous surveys and 50 per cent higher than the percentage recorded in a survey conducted five years ago.

All the same, the report found that "the female graduates clearly get paid substantially less than their male colleagues, except in one or two isolated cases. At middle levels the differences are relatively small and at senior levels the differences are somewhat larger."

Seventy per cent of the respondents said they were married. Six per cent are cohabiting. Only 3 per cent said they were divorced, indicating, perhaps, that a career at the top imposes less strain on a marriage than is sometimes assumed — unless, of course, as the report points out, "those who are divorced are remarrying relatively quickly."

The graduates have approximately 2.2 children, slightly above the UK average. Sixty per cent of the partners of MBAs are themselves in employment.

Most of the graduates work for larger organisations. Only a fifth of the sample work for companies with fewer than 100 employees. Forty per cent work for companies with between 100 and 10,000 employees, with the remaining 40 per cent working for companies with between 10,000 and 100,000 employees. Over one third of the graduates work for foreign-owned multinationals.

Despite the recent tendency, reported on this page, for MBA graduates to head for the City, the BGA survey shows that its members are widely dispersed throughout the economy. Banking and financial services accounted for 16 per cent of the sample, electronics and information technology a further 13 per cent, and management consultancy 14 per cent. Other sectors with substantial numbers of MBAs were mechanical engineering and retailing and distribution.

Because the numbers of graduates in each sector is small, comparison of salaries is a difficult exercise. What the survey does reveal, however, is that the type of school graduates attended appears to have a substantial effect on what they earn after they receive their MBAs.

Those managers who attended public school have a current average salary of £36,158 and a benefits package worth £26,600. Those who did not attend public school have a salary today of £29,211 and additional benefits worth £9,750. Those who went to Oxford and Cambridge as undergraduates also earn more.

The Business Masters Graduate in the UK Economy, available from the Business Graduates Association, 28 Margaret Street, London W1N 7LB. £20.

Business courses

Forecasting and its role in marketing, Maidenhead, Berkshire. August 9-14. Fee: For IM members £725 plus VAT, for non-members £850 plus VAT. Details from IM Marketing Training, Customer Services Department, Moor Hall, Cookham, Maidenhead, Berkshire SL6 9QH, Tel: 062 85 24922 Ext 29.

Eurobonds—an overview, London. August 3-4. Fee: £395 plus VAT. Details from Financial IQ, Kingsmead House, 250 Kings Rd, London SW3 5US, Tel: 01-351 6712, Tx: 8951182 GECOMS G.

The 40th marketing research congress, Montreux, Switzerland. September 13-17. Free: ESOMAR members SWr 760.00, for non-members SFr 950.00. Details from Central Secretariat: J. J. Viottastraat 29, 1071 JP Amsterdam, The Netherlands, Tel: (020) 64 21 41, Tx: 18535 esmar nl, Fax: (020) 64 29 22.

The fundamentals of marketing, Maidenhead, Berks. August 4. Fee: £120 plus VAT for members of IM, £140 plus VAT for non-members. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks SL6 9QH. Tel: 06285 24922.

Product management, Brussels, August 24-28. Fee. BFr 85,000 non-members, BFr 76,500 members (AMA/I). Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels (Belgium). Tel: 32 2 516 19 11. Telex: 21 917, 61 748. Telegrams Manacentre. Fax: 32 2 513 71 08.

Effective project management, London. September 22-23. Fee: £400 plus VAT. Details from Ms J. K. Van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Ave, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827 TACS G/Ref 1202.

Product management, Brussels. October 5-9. Fee: BFr 85,000 non-members, BFr 76,500 members (AMA/I). Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels (Belgium). Tel: 32 2 516 19 11. Telex: 21 917, 61 748. Telegrams: Manacentre. Fax: 32 2 513 71 08.

Media master class, London. October 14. Fee: £695 plus VAT. Details from Crown Eagle Communications, Vernon House, Sicilian Ave, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827 TACS G/Ref: 1202.

TECHNOLOGY

The world's deadliest salt cellar

David Marsh reports on West Germany's labyrinthine dump for toxic waste

SEVEN HUNDRED metres below ground in an isolated West German salt mine, more than half a million tonnes of some of the most poisonous substances known to mankind are piled up in canisters, waiting for the millenia to pass.

The scene is the waste dump at Herfa-Neurode close to the East German border near Kassel. It is run by the Kali und Salz fertilisers and mineral group which is now part of the giant BASF chemicals concern.

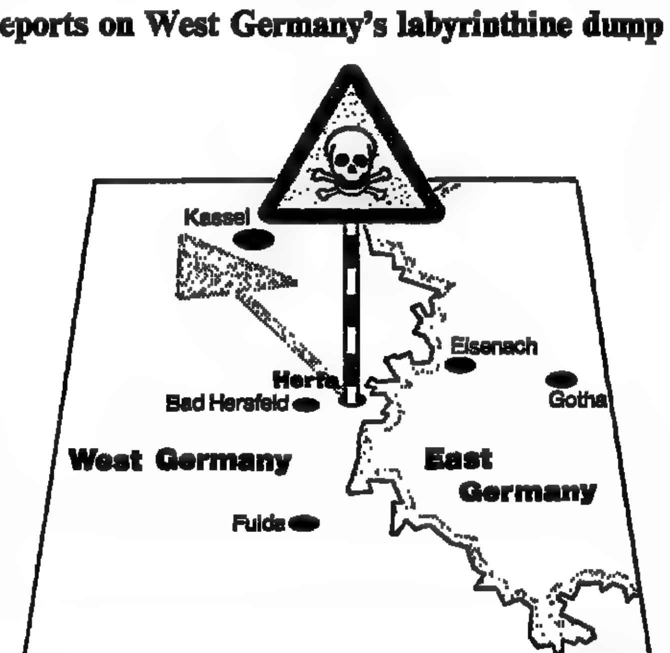
In one chamber hewn out of the rock, improbably cheerful-looking red, blue, and yellow tanks bearing names of car companies—Volkswagen Audi, Daimler Benz—are stacked up. They contain discarded cyanide solution used in steel tempering. "Sodium cyanide—poison," reads the motif on one 50 kilogram tank. "Keep locked up and out of the reach of children."

The site, which sprawls through disused caverns of one of Europe's most important potash deposits, this year will take and store for posterity 80,000 tonnes of what is euphemistically known as "special waste," discarded from factories and households all over Europe. The total stored since it started operations in 1972 is now close to 600,000 tonnes.

The disposal rate has risen from 9,500 tonnes in 1973 and 40,000 tonnes in 1984. With room to store a theoretical 25m tonnes, the dump's operations are limited only by the transport capacity of its single shaft (a maximum 100,000 tonnes a year)—and by the continuing consent of the local regulatory authorities.

The site is not particularly large as far as waste tips go. According to the Organisation for Economic Co-operation and Development (OECD), 300m tonnes of dangerous waste is generated each year in the industrial world. Finding a home for these flows — and cleaning up older waste sites now in a dangerous condition — is an increasing administrative, technological and financial headache.

Herfa-Neurode is however unique on account of the range and proliferation of substances it is authorised to receive. "We call ourselves the chemists shop," says Norbert Deisenroth, the jovial head of the underground dump, who drives visitors personally on ghost train-like tours of the mine in a yellow cut-down Mercedes truck.



The dump is authorised to take 2,300 types of waste ranging from cyanide, arsenic and mercury residues, tars and insecticides to poisonous household rubbish such as old batteries, medicines and lamps.

Out of the 77,000 tonnes delivered last year, 35 per cent came from the metalworking industry, 30 per cent from chemical companies, 25 per cent from residues from rubbish incinerators (including "filter dust" containing minute quantities of dioxine), and 8 per cent from the electrical industry (including oil transformers and condensers).

A total of 9,000 tonnes last year came from outside West Germany. The countries sending material to the site include France, Denmark, the Benelux countries, Switzerland and Austria.

An underground storage room contains shelves full of glass jars filled with samples of the consignments stacked away in the salt chambers. Each one is neatly labelled and dated. Deisenroth ruminates that "they are still meant to be here in 1,000 years' time — to give the mine's future operators an idea of what previous generations have laid down for eternity.

Rows of glass jars contain samples of consignments stored in the mines, so that future operators will know what previous generations have laid down for eternity

The dump's main characteristic is its geological security. The salt deposits, estimated to be 250m years old, have been mined since the beginning of the century. During the Second World War the mines were used for storing munitions.

Germany up to World War I was the world's only potash producer. Although Kali und Salz still makes up 10 per cent of international production, the mines' economic significance has been reduced by the rise of output elsewhere and the sharp fall in prices in recent years.

For a dump like Herfa-Neurode, "you need the right geology, political circumstances, and capitalisation," says Harvey Yakowitz, senior consultant in the pollution control division at the OECD in Paris. This combination makes the West German depot the only one of its kind, at least in the West.

The salt deposits are protected by an overlying 100 metre thick layer of clay, which prevents any danger, geologists believe, of seepage of water into the mine. Each chamber, once it is filled with its designated waste canisters, is sealed off with a brick wall designed to retain gases and odours, and also to act as a fire break.

"I don't foresee anyone else opening such a storage facility rapidly," says Yakowitz. "If they could, they would — because the business is there."

East Germany has similar geological formations, according to Yakowitz, and Romania has made soundings at Kali und Salz, through a Swiss middleman, about the possibility of opening such a site—but nothing has come of the idea so far.

East Berlin has already seen the possibilities of earning hard currency through disposing of refuse from the West. Its controversial land dump at Schoenberg just across the East-West border close to Luebeck has attracted protests and lawsuits from concerned West German border communities. But the East Germans do not seem to be openly considering starting up an underground site, says Yakowitz.

The Herfa-Neurode deposits indeed spread into what is now East German territory. The Western-lying mines, a warren of 200 kilometers of tunnels carved out by monster rock boring vehicles, are however said to afford no subterranean access across the Iron Curtain.

The basic price for dumping will be increased next month to DM 266 per tonne from DM 222. With transport, the average disposal cost for industrial clients works out at around DM 600 per tonne. This is however a lot lower than the disposal price of around DM 850 at specialised West German hazardous waste incineration plants.

Kali und Salz reckons that if a waste operator wanted to open up a brand new underground site, rather than use a disused mine, the costs of which had already been amortised, the price of storage would be DM 1,800 to 2,000 per tonne.

As a result of its relative cheapness, the Herfa-Neurode waste dump—so long as it retains its safety record—is likely in the coming decades to see no shortage of customers from the polluted earth overhead.

WORTH WATCHING

Edited by Geoffrey Charlish

Electronic eye on perfect circuitry

EIGHT-MAN UK company Lloyd Doyle, which has developed a sophisticated visual inspection machine for printed circuit boards, reports that it has sold 11 systems in Europe and Japan, producing export revenues worth £1m.

The machine, called Trackscan 2000, obviates the human tedium involved in trying to inspect printed circuit board patterns by eye. Such work is prone to error and it is increasingly difficult, claims the company, to get people to do the work.

Trackscan 2000 uses a line-by-line camera to scan a 20m strip and goes on looking at strips until the board has been completely examined. Using the stored picture of the board it has built up, the machine is then able to say whether conductors and their spacings are within limits, and it can detect any nicks in the tracks. It can also say whether the various interconnections are correct (by comparison with a known table of interconnections) and so can spot short and open circuit faults. Price is around £90,000.

A vacuum that is high and dry

UK SPECIALIST Edwards High Vacuum of Crawley has developed a vacuum pumping system which works without using sealing or lubricating fluid in its pumping chamber. Called Drystar, the unit is aimed at the semiconductor manufacturing industry where it is necessary to create extremely "clean" vacuums to avoid contamination of semiconductor materials.

Japanese set to launch Lasercard reader

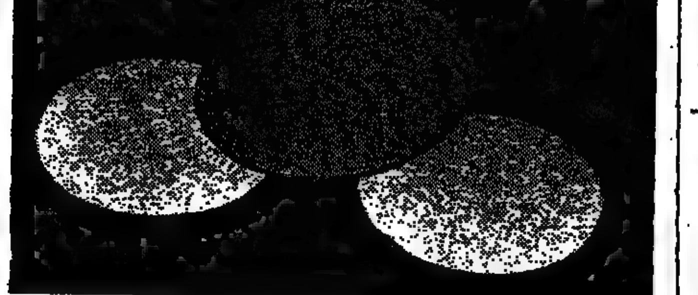
IN THE UK during June was Kenjiro Kachi, manager of the development division of Nippincoinco, the Japanese credit and retailing card company. He was demonstrating what is claimed to be the first commercial reader for the Drexler Lasercard, a credit card-sized piece of plastic on which up to 800 pages of text can be recorded by means of microscopic marks made with a laser.

Among the interested parties were the six European licensees of Lasercard: Olivetti, Ericsson, British Telecom, Ofac, British Printing and Communications Corporation and Ciba Geigy. But Kachi was also trying to interest the UK financial community and Britain's Department of Health and Social Security.

Nipponcoinco says that mass production of Lasercard readers and read/write units will start in November, with bulk-purchase prices of $600 and $800 respectively. These figures are expected to drop to $400 and $600 within two years.

Drexler Corporation of Mountain View, California, has been surprised to find that a Canadian company, Optical Recording Corporation (ORC) of Toronto, has written to all the Drexler licensees warning them that they may be infringing ORC patents.

Mr Ron Field, the Drexler UK manager, says that his company has had no direct approach from ORC and sees "no basis for the claims." Drexler, which holds 39 US patents, has been promoting its Lasercard card technology for seven years. It has licensed 26 companies, including some prominent Japanese groups, to make systems and use the cards. A licence now costs $1.2m.



Novel semiconductor-metal composite from GTE Laboratories in the US. Future applications include high-power switching and optical sensors.

US shortcut to transistor manufacturing

GTE LABORATORIES of Stamford, Connecticut, is developing a new method of making transistors which promises to offer a better method of manufacturing power devices.

John Gustafson and his team are working on ways of making semiconductor materials so that they contain the necessary metal components from an early stage. Conventionally, the metal parts are added later.

Normally, the silicon for "chips" is made by pulling a crystal of silicon very slowly out of a molten bath of the semiconductor. After days, a rod, inches in diameter and perhaps a foot long, has emerged from the "melt." This is sliced into "wafers" and cut up into pieces for use in conjunction with metal parts. A considerable sequence of processes results in transistors.

In the new process, a mixture of tantalum disilicide and silicon is used in the "melt." As the pulling progresses, tantalum conductors form inside the silicon in the pull direction. Then, when wafers are sliced off, large numbers of the tiny metal rods run from back to front of the wafer.

By depositing roundel patterns of metal on the wafer surface, the rod-ends are shorted together to form a central pillar surrounded by concentric, cylindrical transistor electrodes. The remaining unconnected rods only marginally affect current flow between electrodes. An important feature is that by making the wafer thicker, more current can be made to flow to give high power devices. Gustafson cannot say when devices might be on the market.

Why alcohol flows quicker in Israel

IN ISRAEL, a team at Technion University in Haifa has found a way of sharply increasing the production of ethyl alcohol (ethanol). Besides the more normal application of this fluid in a glass held in the hand, ethanol is also increasingly seen as an economical alternative to liquid fossil fuels like petrol.

The secret of the Israeli development lies in a new yeast hybrid which can tolerate higher levels of sugar during fermentation. This new organism can multiply rapidly for a longer time than ordinary yeasts and it is hoped it will bring yields of up to 20 per cent of the original fermentation stock by weight, instead of the more normal 9 per cent.

Wired in for extra efficiency

THE NATIONAL Economic Development Office (NEDO), a UK Government body, has produced a £10, 33-page booklet called "Introducing Surface Mounting." Written in a straightforward way, the booklet provides up-to-date basic information about surface mounting, a modern technique in which "legless" electronic components are soldered straight on to printed circuit boards, saving space and improving reliability.

Generic software improves its worth

A COMPUTER-aided design package from Generic in the US which allows a wide range of advanced facilities on an IBM PC (and has sold 80,000 copies worldwide since its launch last summer) has been improved still further without altering the price.

Available from Robotechnic of London, the package costs under £100.

CONTACTS:

Lloyd Doyle: UK, 0932 243288. Nedo Books: London, 211 3608. Nippocoinco: Japan, 3 502 1811. Edwards High Vacuum: UK, 0293 28844. GTE Laboratories: US, (617) 466 2329. Drexler: UK office, 021 643 3242. Robotechnic: London, 499 9746. Technion: contact Burt Kelmach in London on 486 4141.

THE ARTS

Television/Christopher Dunkley

A day in the life of a sporting sybarite

Either journalism attracts lounge lizards or it creates them. The great American critic Robert Benchley hated the outdoors and went to great lengths to avoid fresh air. One sunny day a friend found him indoors lazing under a sun lamp. "Why on earth are you in here?" asked the friend. "Why not get out in the garden and sit in the sun?" To which Benchley replied, "What, and get hit by a meteor?"

That is the authentic voice of the modern sybarite. Were Benchley still alive today, no doubt you would find that his weekend idyll had nothing to do with setting out on a sunny Friday evening to drive to his country cottage ready to play village green cricket on the Saturday, or even village green baseball. Instead, like me, he would lie low inside his urban lair, waiting for the builders to stop throwing rubble into their skips, as he planned a long weekend of televised sport.

When the foreign exchange dealers and estate agents had all left in their BMWs and Volvos to spend an infuriating weekend sitting behind caravans in motorway contraflow systems, he would open the windows wide to let in the evening air, heavy with the scent of honeysuckle from the city's back gardens, and lower his pleated paper blinds to keep out the setting sun.

Then, having loaded the refrigerator with white wine, mineral water and fruit juice, he would settle down with Radio and TV Times to plan how, with the help of his video recorder, he would watch the opening stages of the *Tour de France* on Channel 4, the *Wimbledon* finals on BBC1 and 2, the "Dream Mile" in the Bislett Games (usefully covered by both BBC and ITV at different times) the Third Test from Headingley, the *Fiat Snooker/Pool Challenge* on Channel 4, and the *French Grand Prix* on BBC1 and 2.

As an extra special treat, and a break from sport, he would arrange to tape and watch *Top Hat*, the first of BBC's enticing RKO season.

At the very moment our neighbours were coming to a halt behind an M-registered Cortina with L-plates, stalled across both lanes of the Blackwall Tunnel, we sporting sybarites were turning on the television, pushing the "Mute" button on our remote controls, and tuning the wireless to Radio 3 to get the best of all possible worlds.

For our eyes we want that most glorious of summertime scenes where the upper third of the screen is a flawless willow-pattern blue, the lower half is a rich green with a faint chequerboard pattern, and the central sixth is a narrow strip consisting partly of brilliant white and party of brick red: the Headingley Test wickets as see from the camera crane.

For our ears we want Johnners and Blowers, and in particular Bill Frindall; because we know that, paradoxically, while the television commentators will either remain annoyingly silent or describe what we can see perfectly well with our own eyes, the radio team will supply a constant stream of statistics, informed criticism, and jokes.

It is true that the radio commentators tend to be more old fashioned than their television colleagues, and this can cut both ways. Sometimes they are a bit xenophobic: on Saturday one said "And now — surprise, surprise—Quadar has left the field and we have *another* substitute out there. I think we'll just have to give up and call them all Abdul Malik," even though the Pakistan team actually look less alike than the English. On the other hand, Fred Trueman's old fashioned Yorkshire commonsense can be wonderfully refreshing. "Why did we select four seam bowlers, win the toss, and elect to bat?" he asked angrily, and quite rightly.

Some people say "If you like cricket so much, why don't you go to the match itself?" which misses the point entirely. What we like is *broadcast* cricket. Few pleasures in life match that of lying back on the sofa with a glass of chilled wine, a breeze whispering through from the back garden and out of the front windows into the street, as Keith Mackenzie or Alan Griffiths cuts at exactly the right moment from the crane shot to a close-up of Imran Khan executing that extraordinary jump just before delivering the ball.

How could anybody compare such luxury with the *awful* hassle of buying tickets, hacking up the hard shoulder to Headingley, and then sitting in the pitiless sun all day, trying to make out what on earth is going on through a pair of binoculars? Not to mention the meteors. Who in his right mind would actually travel to France and limit himself to one hard and baking hot vantage point on the Grand Prix circuit when he could be sitting at home watching the entire race from umpteen choice positions, including a helicopter?

Murray Walker (who, thanks to the world's largest microphone baffle, always appears to be shouting into an 18-inch liver sausage) and James Hunt provide an ideal commentary team. "Whoops! And that's a pirouetting Ferrari," says Hunt. "Very elegant." Walker asks him what it is like to drive the Paul Ricard circuit and is told that it is not too bad: "You get a nice rest in the back straight."

Few of us can hope that we will ever attend a Grand Prix with Hunt and Walker as ideal companions—experienced, well informed, and amusing—yet television enables every one of us to do so. For me, if not for the best or the worst informed, Hunt and Walker ("Each driver has got some 850 horsepower in race trim under his foot") provide exactly the right level of information and comment.

I had thought originally that much the same could be said of C4's *Tour de France* coverage until I heard presenter Richard Keys announce the two riders survived "literally by the skin of their teeth" without showing us any of the skin; and then, having told us not once but twice—and at length—how interesting the climb up the Col du Champ du Feu was going to be, the programme failed to show us a single moment of the climb and failed to explain why.

Despite such irritations the indoor viewer is, once again, treated to an experience which is above and beyond anything available to the thousands who turn out at the roadside to wait for hours for the race to flash by. On the old green sofa in NW5, as the level drops a little further in the geographically apt bottle of Gewurztraminer (the cyclists being somewhere between Strasbourg and Epinal) we are looking one moment at the strain on Lavainne's face as he makes a lone break to win Stage 6, and next moment, thanks to electronics, we are back with the chasing group as they sprint to ride him down before he can finish.

Yes, of course the roadside onlooker experiences sensations unavailable to the television viewer: the dust, the presence of fellow spectators, the smell of the accompanying car convoy . . . all of which is in the same category as the meteor.

In this glorious summer weekend of sport only one live audience seemed to have the advantage over television viewers: those in Switzerland at the *Fiat Snooker/Pool Challenge* (also Channel 4) who could see the bits that television cut out. The idea of a contest between top players from English snooker and American pool has always been enticing, and this match between Steve Davies and Steve Mizerak seemed particularly tantalising beforehand.

In the event the disappointment was not only that the match was so absurdly skewed against Davis, who had to play two unfamiliar games (pool and nine-ball) while Mizerak played just one (snooker) with the outcome entirely predictable, but that the proceedings were heavily edited. For example the safety play was all cut out of the pool, yet the commentator's references to it were left in: sheer bad programme making. However, without television the event would never have taken place at all.

We also serve who sit indoors and view.

*

I was wrong when I said that the BBC had not broadcast the whole of the Australia/France semi-final in the Rugby World Cup. They did so in *Grandstand* on the day of the match and are planning a repeat later in the year. My apologies.

David Gower bowled out by Imran Khan during the Third Test match at Headingley

Olaf Bär and Felicity Lott

Capriccio/Glyndebourne

David Murray

When I say that Felicity Lott makes a perfect Countess for Richard Strauss's *Capriccio*, I don't mean that no other is possible: only that hers is without flaw, irresistible and ideally housed at Glyndebourne. William Weaver has already reported the impression she made in Florence, and on Monday she made it again. As if that were not enough, there are several more reasons why you should thank your lucky stars if you have tickets for this revivial of John Cox's 1973 production — which is itself one of them.

Though Cox updates the action to '20s Paris (which is—literally—neither here nor there: La Roche still claims to have run into old Goldoni yesterday), what matters is the expertise with which he stages it. It can seem talky and housebound, too thin for a big stage and too overcrowded for a small one. Cox keeps it sharply focussed and witty: a gleaming example is the long, elaborate quarrel-ensemble, more successful than any I've seen, which owes no less to Cox's canny blocking than to the excitement Bernard Haitink generates from the orchestra pit.

In fact Haitink's conducting is so far a mixed blessing. Usually his heart is plainly in the right place, but he often lets the London Philharmonic sound rough and bumpy, unkind to the singers. The rival lovers' music in the first half wanted ardour, as the moonlight-intermezzo later wanted smooth magic; and though the strings acquired the late-Strauss glow in time for Miss Lott's glorious monologue, the opening string sextet had positively curdled — under-led and over-conducted, I thought. The good intentions need polishing.

The Lott Arabella of two seasons back (lovely, but weak on coquetry) had a strong, vulnerable swain in Peter Weber and a superbly seedy Daddy Waldner in Ernst Gutstein. Predictably, Gutstein's Theatre Director for *Capriccio* is a triumph of impresario's bluff and commercial high-mindedness: *his* great monologue — the one that culminates in the auto-epitaph on his noble services to Art — is paced magisterially.

Returning as the poet Olivier, Weber seems curiously subdued — a very tame literary lion whose voice only just crosses the footlights. The standard contrast with his rival, the composer Flamand, is reversed, for David Kuebler would be recognised as a breezy American-in-Paris with an angular grin at 200 yards (despite his good German) and instead of shy intensity he wields a metallic tenor fortissimo at climaxes. Those are serviceable performances; Anne Howells makes something much more striking of the actress Clairon (a role for which neither text nor music supplies clear cues, but which blooms when vitally imagined) and Olaf Bär's Count — baby-faced and slightly portly — is delivered with energetic style. He cocks an ironic eyebrow so often, however, as to suggest provincial naïveté.

The operatic Italian pair, Fiorella Pediconi and Jean-Luc Viala, are excellently funny *and* musical, like the fine octet of servants. There is a nice Major Domo by Geoffrey Moses and a neat other-worldly Prompter by the 85-year-old Hugues Cuenod. The idea — Cox's? — of making the dance-number another joke (the dance has been designed for a space much less furniture-encumbered than the Countess's lounge) is prettily rendered by Carol Grant and Ian Knowles.

We come back to Miss Lott's Countess, into which I fancy a bit of Diana Rigg has got. Languidly elegant, sweet-natured and a knowing tease — if Arabella's débutante playfulness eluded her, she has the Countess's maturer sophistication to a T—she lights up every phrase with intelligence, and the long Strauss lines become pure gold. The famous Della Casa *Gräfin* was starry-eyed and mischievous, but simpler; Schwarzkopf's (barely seen, but widely treasured on record) was brilliantly incisive and arch, Söderström's a volatile romantic. Lott's Glyndebourne *Gräfin* is another rare creature, but beyond doubt of that remarkable ilk.

Dean Martin/Palladium

Antony Thorncroft

Dean Martin [illegible] on stage at the Palladium—"direct from the bar"—clutching a glass and drawing on a cigarette. When he finally makes contact with the microphone he eases into "Drink to me only." Martin knows what his public expects and he does not keep it waiting.

Anyone paying up to £25 a ticket to hear Dean Martin sing, and there were some in the audience, was in for a disappointment. A few songs were scattered around the act, many of them with the lyrics changed to drag in booze and sex, but basically Martin now performs a comedy drunk routine.

He has had lots of practice and really it is all quite fun, especially if you can swallow sexist and racist jokes. Here is a man of his generation, now motoring through his seventies, who does not see why he should conform to passing fancies. He jokes about his age—"If I'd have known I was going to live this long I'd have kept myself in better shape"—but looks fantastic, the epitome of the good old-fashioned macho male.

What is remarkable is that he can keep up the pretence of being drunk for well over an hour, with only a little flagging from the audience. He has a fine feed in his pianist, who acts his heart out looking shocked at every well rehearsed enormity. It is a pity that there could not be more songs, for when the clowning stops to let in "Where or when" it is surprisingly well performed, muffed at the edges perhaps but crafted.

Martin obviously prefers being a character. Oddly enough it comes over quite fresh: you don't hear many jokes about mother-in-law these days or smutty rhymes. As he graciously accepts the bottles of wine among the flowers at the end Martin succeeds as a great original, a superb actor, whose personal magnetism excuses his good-humoured excesses.

Leigh by McBean

An exhibition of photographs by Angus McBean of Vivien Leigh will be on view in the upper foyer of the Royal Festival Hall from July 24 to August 23.

Musicians from Mali/Elizabeth Hall

Max Loppert

This year's Summerscope — the summer festival of music in South Bank halls — lasts even longer (July 6—September 13) than last year's, and embraces a far wider range of styles and types of activity. The first fortnight is given over to the series *Music of the Royal Courts* (presented in association with Radio 3), and is jam-packed with concerts by high-caste or elite performers from Africa and the near, middle and far East. If it continues in the vein of Monday's opening, a recital by six Manding musicians from Mali, a most warming, exhilarating time is sure to be had by all.

The small troupe, all born into the same single hereditary caste that produces the professional Manding musician, were made up of three singers, two players of the kora, the exquisite harp-lute of West Africa (the lead player, Sidiki Diebaté, is evidently one of Mali's most renowned celebrities), and an exponent of the gourd-based xylophone called the bala.

The songs consisted, it seems, of praise for the performers' hosts (improvised eulogies of patrons being the basis of the form) delivered above an accompaniment of perfect simplicity and virtuosity. It was more than usually frustrating not to be able to follow the diatribes—apart, that is, from the odd word like "Africa," "festival" or (I think) "queen"—since the wit of these West African improvisers is famously agile and fantastic; responding solely to the intricate vocal melismata in which it is clothed is seeing only half of the picture.

But a very brilliant half, all the same. The two female singers, the courtly senior with the lower-pitched voice and the gracious manner, and the ebullient junior with her three smashing changes of robe, wooed the audience with infinite nuances of address; the male, a kind of countertenor (without the artificiality of timbre the term implies), supplied a contrast in grave sweetness that was affecting even without words. The experience as a whole was, indeed, of a directness that eloquently defied national barriers. The closing cheers of the audience certainly suggested as much.

John Whiting Award winners

The John Whiting Award, administered by the Arts Council in memory of the playwright John Whiting, has been won by Guy Hibbert and Heidi Thomas, who share the prize of £3,500.

Mr Hibbert's *On the Edge* was seen at the Hampstead Theatre in 1985, Ms Thomas's *Shamrocks and Crocodiles* at the Liverpool Playhouse in the same year.

The authors received their awards from Sir Brian Rix, chairman of the Arts Council's drama panel.

The judges on this year's award were the director Pip Broughton, the critic Michael Coveney and the actor Roger Rees.

Serious Money/Wyndham's

Martin Hoyle

Caryl Churchill's hit has moved from the Royal Court to the West End and already has the right characteristics: an overdue first night start and an audience that laughs with ostentatious tolerance at four-letter words and such satirical syllables as "Tebitt" and "National Theatre." Max Stafford-Clark's clumping production does however have the aura of Royal Courtery at its worst still clinging to it. This is seen at its most embarrassing in a stylised huntin' scene when the actors canter round with hard hats and funny upper-class voices. Good old amateur community theatre seems horribly close.

From a combination of heat, mediocre recasting, much unintelligible shouting and wretchedly unconvincing foreign accents this abrasive comedy about the City's big bangers emerges as a jerry-built Tower of Babel. Murder provides a rickety peg to hang a rambling plot on (forget it — the author does), and a pretext to display what should evidently be a parade of Grosz-like caricatures but which ends up a slag-heap of stereotypes.

References are self-consciously rammed in ("The International Tin Council—what a scandal!" cries one character directly to the audience to let us know how much homework has been done. The witless if facetious writing is churned out in doggerel, neither Restoration couplets nor Victorian panto poesy but a broken-backed jumble of varying rhythms, metre and rhyme that the author shoves into the rag-bag from one moment to the next.

Among the newly-cast players Daniel Webb plays two foul-mouthed cockneys—not at once apparent since his sole method of distinguishing them is slicking his hair backwards or forwards. As the monstrous figure of manipulative greed, Mr Webb certainly combines the necessary barrow boy and barracuda characteristics, but remains overparted. This little neanderthal would never have got out of Brick Lane, let alone into the House of Lords. As the American smoothie Paul Moriarty offers a well-dressed dummy. Allan Corduner deserves better, Scott Cherry looks as if he could act a recognisable human being, and the always splendid Linda Bassett and Joanne Pearce are magnificent. Insiders may well enjoy the play. Outsiders may experience a numbing boredom.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 3-9

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Macbeth (Barbican): Jonathan Pryce is a wolfish, blood-curdling Macbeth in Adrian Noble's exciting production for the RSC. It plays in repertoire with Jeremy Irons' inconclusively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's Barbican Pit is Janet McTeer leading a fine ensemble in Worlds Apart by Cuban playwright Jose Triana.

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambiance designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated lines, but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "école" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Saleroom/Antony Thorncroft

Drawings by the million

These are strange times, with Old Master drawings of the highest quality selling for £1m and more while Old Master paintings of equal worth rarely top seven figures.

At Christie's on Monday night two of the Duke of Devonshire's drawings from Chatsworth made over £1m, a modello by Federico Barocci of a Madonna which sold to the New York dealer David Tunick for £1,760,000, and a Rembrandt view of the ramparts at St Anthoniespoort, which went to the London dealers Baskett & Day, probably bidding on behalf of the Getty Museum at Malibu, for £1,373,000. Both were artist records.

All told the Duke was richer by £6,292,000 (minus Sotheby's 10 per cent) after the sale of his sixteen drawings, although four were bought in, including a Rembrandt for £500,000. Christie's then got on with a general auction of drawings, which added a further £2,612,500.

The most astonishing feature here was the £1,204,500 paid for eleven drawings by Rubens, anatomical sketches obviously intended for a major work on the subject. Baskett & Day bought a study of two nudes in combat for £286,000 and a study of a male nude striding to the right with his hands behind his back made £198,000. The highest price in the auction was the £429,000 which secured a chalk and ink view of the Grand Canal in Venice by Guardi. It was a record for a Guardi drawing. A Goya chalk of a sportsman with a dog sold for £154,000 and a portrait of the Gatteaux family by Ingres fetched £143,000.

Old Master drawings are interesting because of the doubts over attribution. Yesterday morning Christie's reckoned a "Mystic marriage of St. Catherine" to be by the circle of Parmigianino and gave it a top estimate of £1,500. Two potential buyers thought otherwise, obviously believing it to be by the master, and bid it up to £55,000.

The top price in the European works of art sale was the £104,500 paid by the London dealer Danny Katz for an early 16th century Venetian marble relief of Lucius Scaevola by Mosca. It was sent for sale by the Trustees of the late Duke of Leeds and went for ten times its estimate. A mid-13th century Limoges enamel crozier head of the Annunciation sold for £70,400 while a 17th century Flemish ivory statue of St Sebastian was on target at £55,000.

Among the silver at Sotheby's a parcel gilt bowl made by Tiffany in New York around 1895, and won at the Newport Regatta of that year, was bought for £11,000, as expected.

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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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Mr Tanaka's legacy

POLITICAL Japan apparently witnessed the end of an era last weekend, an exceptional event in a country whose politicians generally go on for ever. The faction inside the ruling Liberal Democratic Party that answered to the name of Mr Kakuei Tanaka, Prime Minister from 1972-74, was, in effect, dissolved, most of its members transferring their allegiance to Mr Noboru Takeshita, the LDP's Secretary General and former Finance Minister. This event not merely joined in earnest the battle to succeed Mr Yasuhiro Nakasone as head of the government but it should also serve to remind Japan of the role of its system of government in what has become a turbulent passage in the country's post war history.

Mr Tanaka was, indisputably, one of the most important figures in Japanese politics of the last 40 years, in and out of office. As Finance Minister in the 1960s and particularly as Prime Minister, his name was synonymous with a kind of brashness and boldness unusual by Japanese political mores. It was underpinned by no discernible ideology and may not always have been wise; the reflationary policies he pursued early in his term made Japan very vulnerable to the first oil shock and it was left to cooler heads to manage the country out of the mess.

Japanese system

But Mr Tanaka did understand, albeit sometimes for the wrong reasons, that the national infrastructure needed constant development in the form of new houses, bridges, roads and railway lines. The fact that he directed a disproportionate slice of this action to his home constituency of Niigata did not invalidate the approach. Even in foreign policy, he demonstrated an ability to respond quickly to changing external circumstances. The US rapprochement with China, which took Japan completely by surprise, could have had a cathartic impact. Mr Tanaka defused matters promptly by establishing full diplomatic relations with Peking.

Yet the other, and equally important, Tanaka legacy has served modern Japan less well. He was the arch exponent of machine politics, fit to be ranked with the Boss Tweeds and Richard Daleys of US legend. Curiously, he perfected this organisation after he had been forced out of office and even after his indictment for accepting bribes from Lockheed. But the net result was that he further strengthened an obscurantist habit in the Japanese system. Politicians became little more than party hacks. Bureaucrats preferred to deal often unscrupulously behind closed doors.

Trading partners

This seemed to matter less so long as business in Japan was conducted mainly for the Japanese, especially in the domestic ministries where Mr Tanaka's influence was the strongest. But as the nation became more of an international force and as more was asked of Japan by its trading partners, the lack of transparency in the system stood out as a crippling defect. It is indeed ironical that Mr Nakasone, whom Mr Tanaka had put in power in 1982 and whose own personal boldness was in many ways learned from his patron, should have been frustrated so often by the house that Tanaka built.

Looking ahead, this problem is compounded by the fact that most of the politicians bidding to succeed Mr Nakasone are products of this closed system. In spite of their long terms as Finance and Foreign Ministers respectively, neither Mr Takeshita nor Mr Shintaro Abe are associated with independence of thought, initiative or even expertise in their presumed fields of competence. Mr Kiichi Miyazawa, now the Finance Minister, does have genuine intellectual qualifications, but it is precisely this originality which has rendered him unpopular with his fellow politicians.

Mr Nakasone himself wants to stay on, or come back into office after an interval, neither of which can be ruled out, but the system seems tired of him. It is hard to read the mood of Japan at present, but it would not be surprising if traditional defensiveness and deference did reassert itself for a period.

This would, on balance, be a pity. In their better moments, both Mr Tanaka and Mr Nakasone demonstrated an ability to cut a swathe through the Japanese labyrinth of vested interests and to make the nation's presence felt in positive ways. This legacy should not be forgotten, given the volume of unfinished business now on hand.

Turnround at British Steel

THREE NUMBERS stand out from British Steel's annual accounts. In the second half of last year, its productivity was running at 5.6 man-hours per tonne of liquid steel, compared with 14.5 hours per tonne just six years earlier. After cash outflows amounting to nearly £1bn in the two preceding years, the group was more or less self-sufficient in financial terms for the first time in its history. Export deliveries rose by over two-fifths and now account for more than a third of steel deliveries. Add to this reports from leading customers of a significant improvement in the qualtiy of its products and services and it becomes clear there is a real chance that the corporation could be returned to the private sector within the lifetime of this Government.

The scale of this turnround can hardly be exaggerated. Having been managed more as an instrument of social than commercial policy in the second half of the 1970s, BSC lost nearly £5bn in the six years to March 1985. It was the lamest of lame ducks, and in the early part of this decade—during and immediately after its prolonged strike—there were those who thought it might just slip away altogether.

Instead, it is now one of the healthiest steel companies in Europe, and one of the very few major steel concerns in the world which is not losing large sums of money. Management has been decentralised, and after an initial period of resistance, has secured a high level of co-operation from the workforce.

Currency movements

Of course ,there are some special explanations for the latest performance, most notably in the shap eof favourable currency movements. And although the profits in nominal terms are much better than anything seen before, the return on sales and capital is still much too low if the company is to modernise its facilities—which do not compare well with the European competition in areas such as continuous casting—build up its reserves and pay an appropriate return to its shareholders. BSC may be just about self-sufficient at current levels of profitability, but to be a viable independent concern, profits may have to rise to something like double their current level.

There are still some difficult problems to be tackled. The most obvious is the future of the Ravenscraig works in Scotland which will come up for review in the next 12 months. It may be that there is a commercial future for at least part of the plant: in any event, BSC has earned the right to expect that the Government will accept its recommendations, and will deal with any political or social consequences directly.

Credible prospectus

Political support will be even more essential in the coming debate about production quotas in Europe. Having taken its own very unpleasant medicine, BSC argues that any further extension of production controls should be strictly related to restructuring elsewhere in Europe. Given the persistent weakness of steel demand and the existence of over 30m tonns of excess hot rolling capacity in the European Coal and Steel Community, the choice lies between determined action by individual governments to cut back uncommercial output, or a violent market upheaval. The imposition of quotas can only delay the difficult decisions.

Until these isues have been resolved, BSC cannot hope to put together a credible prospectus. But if there is a concerted attack on excess capacity in mainland Europe, then the consequences in terms of prices —which fell sharply last year—would be favourable for those who remained in business. And in this more commercial environment, BSC could indeed be on its way to the private sector.

This would be a prize well worth achieving—far more than, say, the privatisation of the electricity or water industries. BSC was nationalised 20 years ago for flimsy ideological reasons, and was subsequently mishandled by both Labour and Conservative governments. It is not a natural monopoly, and independence could bring real commercial advantages. The fact that the possibility can even be discussed represents a remarkable achievement.

David Lascelles and Chris Sherwell on yesterday's dramatic moves at Midland

Retreat to the heartland

AS BEFITS a former Deputy Governor of the Bank of England, Sir Kit McMahon has put prudence before profits. With the drastic measures announced yesterday, Midland Bank's new chairman and chief executive has written a sorry final chapter in the saga of the bank's misfortunes—but one which could turn out to be the first of a happier, if more modest tale.

The sale of the bank's Scottish and Irish operations to National Australia Bank means Midland will slip from third to fourth among the Big Four UK clearing banks, completing its steady descent from the top position it held earlier this century. The £916m of Third World debt provisions announced yesterday will push it into the red to the tune of some £450m this year, but because clearing banks are not supposed to lose money the figure will be fudged as an "extraordinary item."

On the other hand, the £700m rights issue which is also part of the package will put the bank on a much firmer foundation. Altogether, the package will hasten Midland's transformation from an ailing international bank to a stronger but smaller English one.

The irony of this saga is that it began with Midland's ambitious move into the US in 1980 when it acquired the Crocker National Bank—at the time, the largest deal of its type. What was supposed to be a bold stroke to extend Midland's reach half-way round the world and add billions of dollars to its balance sheet has ended, not merely with enforced retreat from the US and the sale of Crocker, but with the sale of part of Midland's business in its home market.

Yesterday's package would not have been necessary if Midland had resisted the temptation to buy Crocker. Apart from making Midland owner of some $2bn of inadequately provided Third World loans, Crocker drained the bank's resources with its huge losses on property development and agricultural loans.

Financially weak and traumatised by the affair, Midland could only put its balance sheet in order by selling off its least-needed assets and trying to persuade shareholders that prospects were sufficiently improved for them to support a huge rights issue.

Sir Kit claimed yesterday that he had been preparing the package for several months because it was clear that Midland was inadequately protected against possible losses on Third World loans. His initiative, he said, pre-dated Citicorp's $3bn charge in May which triggered a round of provisioning by international banks. He would have gone ahead regardless of what other banks did.

This would have been a major gamble. If Citicorp had not conditioned them in advance, the markets would have been stunned by yesterday's action. Only because a strong bank led the way could the weaker ones follow; the stock market's response yesterday was generally favourable.

The package fits into a broader series of measures introduced by Sir Kit since he took over last September to straighten Midland out. Most involve scaling down Midland's ambitions to the point where its ability to compete on a global scale will be questioned.

Although yesterday's sale involves part of Midland's domestic business rather than any of its international operations, it is a retrenchment which emphasises the bank's growing domestic orientation.

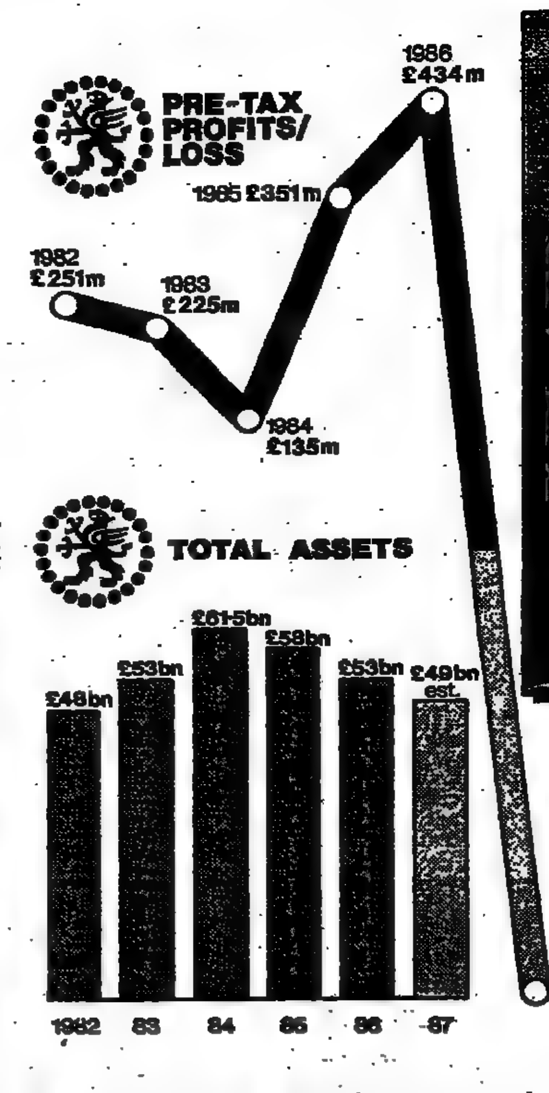
The key passage from Sir Kit's statement about Midland's future says: "Our chief priority, however, remains unchanged. It is to capitalise on our fundamental strengths as a leading provider of banking and related financial services to the personal and corporate sectors of the domestic economy; the development of our investment and global banking businesses will be largely directed to that end."

Midland has some active operations overseas, including subsidiaries in France and Germany, and newly created investment banking operations in New York and Tokyo. But the effectiveness of these still depends on the new management structure which Sir Kit installed at the beginning of this year.

On the conventional banking front, Midland now has the smallest overseas representation of the Big Four clearers and, judging by Sir Kit's remarks, will aim its services mainly at UK companies operating overseas rather than trying to win more foreign clients.

In investment banking, Midland still retains global ambitions: it owns a US treasury bond dealer in New York, and has a licence to deal in securities in Japan. In London, it bought the stockbroking firm Greenwell & Co.

It has also gone further than any of the other clearers in integrating its treasury and capital market activities. But Midland's retreat from equity market-making in February—the first casualty of Big Bang—also raised questions of the strength of its commitment to investment banking activities. These have also been indications of severe back office problems, though Midland says these are being sorted out.



*Including effects of extraordinary £916m provision; Source: BZW

Sir Kit McMahon

The sale of the Scottish and Irish operations, while politically sensitive locally, should bring some relief to the bank. The transaction will cost Midland about one fifth of its 2,600 strong UK branch network, and about one tenth of its assets and profits. But the peripheral banking markets in the British Isles are among the slowest growing and the most competitive and Midland was already applying some fairly drastic surgery to improve their returns. The result of all this is that, geographically, Midland is pulling back to the origins reflected in its name—the English heartland—where business is booming and all the clearing banks are reaping their biggest profits.

The package is also striking for what Midland decided not to sell: notably Thomas Cook, its travel agency and travellers cheque subsidiary. Midland would have realised less from the sale and also not achieved another goal, to shrink its balance sheet. In addition Sir Kit believes that the subsidiary provides special advantages like access to the leisure market and the lucrative travellers cheque business.

The result of all this will be that Midland's status in the bank rankings and its ambitions will be reduced. But its financial strength will be greatly enhanced. With a bigger equity base it will finally shed the tag of the UK's weakest clearer, which will both improve its image and give it the resources to develop its business.

Although the provisions, amounting to 27.4 per cent of the £4.3bn worth of Third World loans on its books, are still slightly behind those of the biggest clearer, NatWest, Sir Kit claimed that, at 5.4 per cent of the bank's total loans, they are the highest of any bank in the world. In normal circumstances this would not be a cause for pride—rather the opposite. But after all that Midland has gone through, it counts as an achievement of sorts.

Sir Kit said: "I hope we are now in a position where we can look forward and convince people that we can use our capital to good effect."

National Australia Bank builds a bridgehead for a tougher era

A LIFE-SIZE colourful cardboard cut-out of a Superman body stands in the window of a National Australia Bank (NAB) branch in Sydney's central business district. On its chest is the bank's familiar logo, a distinctive scarlet seven-point star. Its head is a smiling black-and-white photograph of a satisfied customer.

To hear the bank tell it, customer satisfaction has been the driving force behind its reputation as Australia's top retail bank. The NAB has concentrated heavily on domestic and retail banking over the past five years, as deregulation transformed the country's financial sector.

The result of its heavy investment in technology, in new banking products and promotion showed earlier this year when it emerged as the largest of Australia's four major trading banks in terms of banking assets within the country.

At A$23.8bn (£10.5bn), the total (measured in January) took it past Westpac and represented 20.5 per cent of the overall market. The other two, Australia and New Zealand (ANZ) Bank and the state-owned Commonwealth Bank brought up the rear.

Consolidated figures for total assets show a different order, with NAB (at A$42bn) well behind Westpac and ANZ but ahead of Commonwealth Bank, which is the country's largest savings bank.

Though long established—the NAB sprang from a 1981 merger of two banks founded in 1834 and 1858—the entry of foreign banks into Australia and the possibility of offshore expansion offered it both opportunity and competitive challenge.

ANZ's strategy, for example, focused heavily on offshore expansion; it picked up Grindlays Bank in 1984. NAB has concentrated more on the local market and has been more profitable. Last year, it restructured retail operations in 12 geographic zones subdivided into regions which operate largely as autonomous business units with about 20 branches each.

For the 12 months to September 1986, the trading bank's operating profit rose by 12.4 per cent to A$230m after strong increases of 38 per cent and 58 per cent in the previous two years. But profitability fell in the savings bank, finance company and general insurance operations.

In the current year the picture is gloomier, principally because the domestic economy is weaker and the bank faces higher corporate taxes and a costly new fringe benefits tax. Although it has been forced to increase provision for bad and doubtful debts (up 50 per cent in the latest half-year) its exposure to countries rescheduling debt amounts to less than 0.8 per cent of group assets.

The bank says is has been particularly successful in its strategy for coping with the brief transition following deregulation. But it also recognises that a permanent, tougher era has dawned and the question of an international presence has persistently been raised.

NAB has been looking for an acquisition in Europe for some years and approached Midland about buying the Clydesdale Bank two years ago.

The bank wants a solid retail banking bridgehead outside the Pacific area, and feels that Europe, particularly the UK, is a natural place to start. Although Midland's Irish and Scottish operations are on the periphery of the UK and European Markets, NAB believes they offer the best choice among the very limited number of banks that come up for sale. They are well established in their markets and have developed branch networks.

Once it has gained control next October, NAB expects to expand the Clydesdale and Northen Banks into the English market and eventually to the Continent. Sir Rupert Clarke, NAB's chairman, says it is intended to maintain their head offices in their present locations.

Scholey's smart new jacket

The British Steel Corporation flagged the news of its bad years — and, boy, were they bad — to the world at large by downgrading the standard of its annual reports to something resembling a parish magazine produced by a vicar who was none too sure howy the duplicator worked.

But now that chairman Sir Rober Scholey (newly knighted for his services) has brought the business back into respectable earnings, with a net profit of £178m, compared with £38m last year, he has declared that the message should go out in a suitable glossy report.

So the duplicator has been retired, and once again the report is an expensive affair. Emiting that indefiable smell of high class printing it has a clever semi-tranparent jacket to give glimpses of colour photographs of the drama of steel-making beneath.

Scholey, ever the blunt Yorkshireman, had let it be known that annual reports of the scrappy standards of recent years could only lead people to the impression that British Steel was a "broken-down outfit".

He took a personal interest in his office turning out something with a touch of class for this year to accompany the return to health of his balance sheet. He even permitted his chairman's review to be accompanied by a handsome line drawing of himself.

Now that he is running one of the few profitable integrated steelmakers in Europe in an over-crowded market, Scholey wants it sold into private ownership as part of the British Government's privatisation programme.

But even he admits that glossy reports are not enough to bring off that trick—there must be full financial viability as well. He believes it will take about three more profitable years to prepare the corporation for sale.

Men and Matters

Corner talks

Big deals get done surprisingly quickly in this high technology, jet-setting age, even when the protagonists are 26 hours flight time apart, as was the case with Midland - National Australia Bank.

It was stitched togethed in just a month. And I gather that the negotiations gathered pace, not in either London or Sydney, but in the less likely venue of the Atlantic Hotel in Hamburg. Sir Kit McMahon, Midland's chief executive, and Nobby Clark, his opposite number at NAB, found themselves attending the International Monetary Conference there two weeks ago and took the opportunity to talk.

Contacts had to be discreet to avoid alerting others that a deal was afoot. "If you'd looked carefully, you might have seen us talking in the corners," said Sir Kit yesterday.

The fact that Bob Johnston, the governor of the Reserve Bank of Australia, was also attending the conference meant they could also sort out some of the regulatory questions between the lavish functions that always mark the IMC's meetings.

City home

While other professional businesses are moving out of the increasingly expensive City of London, I hear that the medium-sized accounting firm of Buzzacott is determinedly heading back towards the centre of the Square Mile. This underlines the firm's maverick approach, for it is also giving the cold shoulder to all the global mergers which are currently plaguing the accountancy profession.

Buzzacott's sole concession to a world-wide network is an off-shoot in the little-known financial centre of Harpenden, a town on London's northern fringe. The branch's main claim to fame, I am told, is that Energy Minister and accountant, Cecil Parkinson, used to practise there.

But Buzzacott has watched with suspicion the trend for accountants, big and small, to head westwards. "Being a small accountant doesn't mean that you have to be out along the Marylebone Road," is the comment of senior partner David Watson. In September, Buzzacott will open up in Wood Street, cheek-by-jowl with the likes of Hill Samuel as well as the City of London police.

The firm's ability to afford this move evidently reflects something of a windfall from the disposal of its existing five-year lease to its landlords Land Securities, anxious to redevelop Salisbury Square, just off Fleet Street. "It has enabled us to move to the centre of the City at no expense to our clients," Watson told me as a demolition crane swayed ominously just outside the window.

Changing times

As France's stockbrokers prepare to give up their closed shop and enter the brave new world of electronic dealing, the 200-year-old traditions of the Bourse are starting to crumble around their ears.

Next weekend, as millions of Frenchmen celebrate the 198th anniversary of the storming of the Bastille, a band of wreckers will be taking their pickaxes to the symbol of the Paris Bourse, the Corbeille.

An ornate latticework ring topped with red plush padding for weary brokers to rest their elbows on, the Corbeille, or "basket," dates back to 1826, when the present Bourse building, begun under Bonaparte, opened its doors.

Its historical purity already marred by the intrusion of three dealing screens, the Corbeille must now give way altogether to a new trading ring.

Bankers who have been trying for years to break into the stockbroking monopoly, and who from the beginning of next year will finally be allowed to buy into brokers' capital, find the symbolism satisfactory.

"It is one of those mediaeval relics we have in France which have to disappear at last," said Jean-Claude Petit, equities chief at Banque Indosuez.

Older Bourse hands are more nostalgic, recalling grimly the suggestion that the far less elegant floor of the London Stock Exchange might be turned into a skating rink.

The fate of the Corbeille itself has not yet been decided. The most popular suggestion is that it should be cut in half and remounted in the hall of the Bourse as a reminder of the way things were.

Old complaint

Such has been the confusion and discontent sown by Barber Conable's job-cutting restructuring of the World Bank that staff in Washington have begun to start Chinese-style wall poster protests. One of the more eloquent blasts appeared recently in an anonymous note entitled "Reorganisation" in which the malcontent drew on the works of Gaius Petronius, a Roman writer circa 50 AD.

"We trained hard — but it seemed that every time we were beginning to form into teams, we would be reorganised. I was to learn later in life that we tend to meet any new situation by reorganising, and a wasteful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralisation."

Conable, the New York-born president of the World Bank has yet to deliver a suitable Latin reply.

Observer

Kuwait and the Gulf War

Trapped in a minefield

By Tony Walker in Cairo

IF THERE is a date on which Kuwait, the tiny, privileged Gulf Emirate, could be said to have lost its innocence it was May 22.

An explosion in a propane plant on the southern fringes of the city dispelled any illusions about the determination of a powerful enemy to destabilise and possibly destroy Kuwait's existing order.

This set of sabotage which, if the fire had spread, would have paralysed a large section of Kuwait's oil industry and possibly caused thousands of deaths was a shocking reminder of the country's vulnerability.

Geography has been both kind and cruel to Kuwait. Its proven oil reserves of 92.7bn barrels should ensure prosperity for the next 200 years at the present rate of production. And yet Kuwaitis, used to one of the world's highest living standards, are questioning how long their good fortune will last.

The bombing of the al Ahmadi propane storage tank was doubly shocking for inhabitants of the tiny Emirate because it was an inside job by a trusted employee of the Kuwait Oil Company who was also a Kuwaiti Shia.

Previous acts of violence and sabotage in Kuwait, such as the December 1983 suicide bombings of the French and American Embassies, were the work of outsiders: Lebanese and Iraqis. On this occasion, the bombing highlighted the fragile internal balance between Kuwait's Sunni Moslem majority and its Shia minority—who constitute about one-third of Kuwaiti citizens.

Only 40 per cent of the 1.8m population carry Kuwaiti passports; the rest are mainly expatriate workers from such places as Egypt, Pakistan and the Philippines, plus about 350,000 Palestinians, most of them Sunnites.

The May 22 incident revealed a link—awful in its potential consequences for Kuwait—between Kuwaiti Shiites and Iran.

Since the beginning of this year Iran has maintained an unrestrained verbal onslaught against its tiny Gulf neighbour.

Iranian intimidation has now gone beyond attempts at internal subversion and abuse. There is evidence that it has been trying to blockade the approaches to Kuwait's oil distribution points by mining its main deep water channel.

All this has increased pressures on the ruling al Sabah family, regarded as among the more enlightened of Gulf rulers. The suspension of the National Assembly last July and the imposition of press censorship was an immediate response to the internal security threat and, according to frustrated newspaper editors, to difficult questions that were being asked about the government's economic management following a stock market crash in 1982.

Meanwhile the Sunni-Shia divide is widening. Seeds of suspicion have been sown, after generations of trust. The problem is now widely discussed by a worried élite who are unsure how to handle it.

Prominent Sunnis are critical of what they regard as crude discrimination against the Shia minority who are being weeded out of sensitive jobs and subjected to other forms of harassment.

"They don't realise that the people bombing Kuwait are a very small, secret group attached to Iran," says Dr Ahmed al Khatib, a leftish member of Kuwait's suspended National Assembly.

"By regarding every Shiite as a suspect, they are pushing them towards Iran . . . they are giving them a popular base. It is a very primitive way of dealing with the problem and very dangerous."

A Shia intellectual describes a "growing undercurrent" in Kuwait against his community. It has taken on a new dimension, he says, which combines prejudice with "officially approved" discrimination.

One of the authorities' problems, he observes, is that they are having trouble distinguishing between religious and political allegiance.

While many Kuwaiti Shiites might identify with some of the religious elements of the Khomeinist revolution, they nevertheless remain completely loyal to Kuwait. However, it is an unenviable task for the security apparatus to have to deal with this potentially dangerous contradiction.

The composition of the army and the police is also a worry for the government. While Sunnis fill most senior positions, Shiites are well represented in the junior ranks.

Kuwait is being forced to pay for its steadfast support of Iraq in the Gulf war. Caught between two powerful neighbours, neutrality was never really an option.

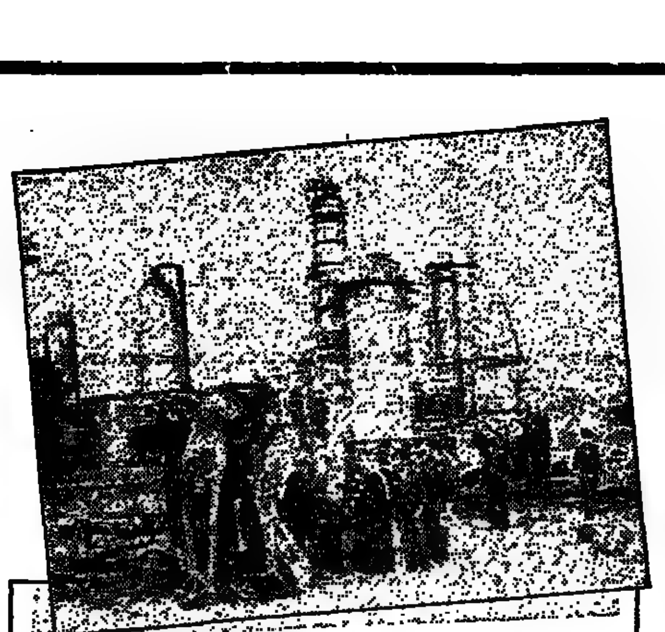
For better or worse, Kuwait's fortunes are linked with those of Iraq. This invites almost constant threats of retribution from Iran.

Kuwait has no choice but to allow Iraqi Mirage jets to overfly its airspace in their missions over the Gulf ("what are we going to do," ask Kuwaitis, "shoot one down?"). It is also obliged to provide transhipment facilities for Soviet-supplied heavy arms to Iraq which enter through a special port at dead of night every three months.

Iran knows that its tiny neighbour's options are minimal, but it also recognises that Kuwait is the most vulnerable element of an Arab front against Tehran's regional ambitions. Pressures will continue, and further acts of sabotage are likely as long as the Gulf War persists.

Faced with this unpalatable prospect, Kuwait's ruling elite has, since early this year, sought to "internationalise" the conflict. Asking the superpowers to provide protection for its tankers is the most dramatic new development in the war since Iraq began, early in 1984, its assault on vessels servicing Iran's giant Kharg Island oil terminal in the Northern Gulf.

It is a gamble that has made Kuwait's fellow members of the Gulf Co-operation Council nervous and has antagonised Iran, which may be encouraged to intensify its efforts to destabilise Kuwait. It has also opened the way for more direct Soviet involvement.



TERRORIST INCIDENTS IN KUWAIT

DECEMBER, 1983: Nine bomb attacks, including suicide attempts on American and French embassies. Seventeen members of pro-Iranian Islamic Jihad jailed.

MAY, 1985: Suicide car bomb assassination attempt on Emir of Kuwait. Members of a radical Iraqi group blamed.

JULY, 1985: Bomb attacks on popular cafes. Palestine Liberation Organisation renegade Abu Nidal blamed.

JUNE, 1986: Bomb attack on main Ahmadi oil installation.

JANUARY, 1987: Bombings at the time of Islamic summit. Twelve arrested, 16 charged. Responsibility claimed on behalf of the followers of the Prophet Muhammad in Kuwait.

APRIL, 1987: Eight bombs in Ahmadi tank farm went off simultaneously.

MAY, 1987: Car bomb exploded outside Kuwait Oil Company headquarters.

MID-MAY, 1987: Bombing outside TWA local agent on the eve of a visit to Kuwait by Mr Richard Murphy, the US special envoy on Middle East affairs.

MAY 22, 1987: Attempt to blow up propane storage farm.

As the US moves in naval reinforcements to back up its pledge to escort half Kuwait's tanker fleet, the feeling in Gulf states is one of apprehension.

Some observers in Kuwait see the May 17 Iraqi missile attack on the USS Stark as part of a cynical plan to focus US attention in the Gulf. If this is so, it has succeeded beyond the wildest dreams of those responsible.

This is one of the most testing moments for the al Sabah family since it emerged triumphant from a mid-eighteenth century tribal conflict and founded a trading outpost at the head of the Gulf.

In recent years, it has maintained an equilibrium in what is a fairly complex society, through skilful manipulation of groups such as the powerful merchant class. Oil wealth has trickled down, contributing to relative harmony.

Healthy foreign exchange reserves, including a State General Reserve (SGR) of about $40bn (£24.8bn) have cushioned Kuwait against the worst effects of the oil price collapse. And while per capita GDP slipped from more than $20,000 in 1980 to about $10,000 in 1986, Kuwaitis still maintain one of the highest living standards in the world.

But wealth alone cannot guarantee internal cohesion. Kuwait is being undermined by a range of conflicting pressures. While there is no suggestion among Kuwaiti or foreign observers that there is an imminent danger of the ruling family succumbing to these pressures, all recognise that the situation is fragile.

A suicide car bomb attempt in May 1985 which narrowly missed Sheikh Jabah al Ahmed al Sabah, Kuwait's ruler, underscored the threat against the established order.

When the Emir suspended parliament in mid-1986 and imposed press censorship, saying his country was exposed to "fierce foreign conspiracy," few voices were raised in opposition.

But now representatives of what was perhaps the best press in the Arab world argue that more open debate, along with detailed reporting of threats like the propane plant bombing (which rated only sparse mention in censored local newspapers) would better serve the Emirate's interests.

The privatisation of BAA

A lesson still to be learned

By Roger Buckland and Edward Davis

THE GOVERNMENT'S use of a hybrid tender offer for the BAA (formerly British Airports Authority) issue serves as a welcome admission that past privatisation sales have given unnecessary incentives to investors. Criticism of the efficiency of such sales, made by us in the journal Fiscal Studies in 1984 and endorsed by the findings of the Public Accounts Committee, have pointed to the scale of opportunity costs incurred and indicated firmly the attractiveness of tendering methods of issue.

However, the innovation in new issue methods devised for BAA, while ingenious in itself, does not address the real problem. The crucial point to note is that the scale of BAA will again involve the flotation of 100 per cent of its equity. This has become the norm in privatisations, but by the criteria of private sector new issues it is extraordinary.

From 1980 to 1985 the average percentage sale in all private sector new equity offerings was 26 per cent: only four companies sold more than 50 per cent of their equity. For privatisation stocks the average proportion sold on entry is 77 per cent.

When the true market value is uncertain, it is sensible for the sellers and the company to minimise the proportion of equity in an initial offering.

The BAA tender element does nothing about this problem; 50 to 60 per cent of BAA equity—upwards of £600m—will be available on fixed price terms, to individuals. With the accumulated experience of offers since the sale of British Telecom in 1984, investors know that government will try to give successful applicants large short-term capital gains upon this portion.

A further 25 per cent—£300m—is to be privately placed, at the same fixed price but less placing commission and underwriting fees, with the financial institutions.

The institutions who participate should make large short-term capital gains from their placing allocation, in a continuing climate where the risks of loss and of having to exercise underwriting commitments are virtually eliminated by the size of incentives being offered for private subscribers.

A bare 25 per cent remains for allocation within the tender. Institutions and individuals can bid to their own evaluation, without limit of quantity. The tender price will limit the discounting cost of the issue and will soften the hectic after-market in the shares.

It has already been pointed out in these columns (by Richard Tomkins on June 23) that there should be benefits here of marginally higher receipts and a more orderly after-market; and also perils, for the stags, of lower institutional demand to mop up shares from successful individual applicants who wish to bail out quickly in order to realise their short-term gains.

If it is right to minimise costs by asking the sophisticated investor to tender, we must ask why the institutions are still being offered 25 per cent of BAA as priority applicants, paying only the knock-down fixed price. This further highlights the underlying purpose of the placing element of Government sales as an inducement for institutional participation and support.

> When the market value is uncertain, it is sensible to minimise the proportion of equity in an initial offering

There is no evidence, either here or from US markets, that such inducements are necessary to attract the sophisticated investor. In effect, this placing element constitutes an indirect incentive payment.

The present dearth of tendered issues is not because they do not work — vendor's receipts are demonstrably higher, aftermarket froth demonstrably absent — but rather due to two recent developments.

First, the Stock Exchange's relaxations on the size of placings have made offers for sale to the public more scarce; and, second, the management of public sector sales has destabilised the new issue market.

In the effort to push all the equity of very large businesses through the market the Government has generated a new issue process described by one merchant banker in the FT as "Stag mania."

Thus, for private sector issues, entry to the market now routinely involves massive over-subscription, large and untidy share registers of naive holders and the overhang of inflated price-earnings ratios and heady expectations. The novel arrangements for BAA will do nothing to damp this down. If the individual applicants are not offered another carrot of a large premium, the sales of BP, the water boards, electricity and the rest are put at risk. If they are, the destabilisation of quotation procedures is given another hefty shove.

The real innovation in privatisation issuing will come when Government learns the lessons of its own experience. The tender sales of minority stakes in BP and in Cable and Wireless, where a quotation was already firmly established, have proved the benefits of the method: BP's 1983 sale was made at a discount of −.5 per cent; Cable and Wireless' 1983 sale at −2.6 per cent.

The costs of disorderly capital markets are clear and any reversal of the bull market will make them even more so; the benefits of many millions of naive, small shareholders are not at all clear.

Indeed, these new participants remain disadvantaged by taxation, information, trading costs and experience. Thus far they have been most prominent for their readiness to search for rapid capital gains, even though our latest evidence, to be published in the journal Public Administration in the autumn, shows quite plainly that it is the institutions which have benefited from privatisation pricing rather than the public, and most certainly not the taxpayer.

Roger Buckland is lecturer in finance and Edward Davis Lloyds Bank Professor of Business Finance, Aston University.

Letters to the Editor

Community charge

From Rosalind Levacic

Sir,—Michael Prowse's argument against the community charge is seriously flawed. His argument consists of the assertion that ability to pay is the only justifiable tax principle, that all taxes should be set according to the same set of tax principles, and that the proposed community charge is grossly unfair.

Taxation according to the benefit received from the public goods thereby provided has always been a fundamental principle of taxation, along with ability to pay. These two principles have been debated and reformulated at length. Ability to pay is justified on grounds of equity but taxation according to benefit is justified for both equity and efficiency reasons. It is regarded as fair that people should pay for the private goods they purchase for their own enjoyment; so it is also fair that they should pay for their enjoyment of public goods which are more efficiently provided by government than by the market.

But using government to correct the inefficiency of market provision does not resolve the problem of what quantities of the various public goods it is efficient to provide. A competitive market resolves this allocation problem because it signals the costs of goods to consumers via prices. The political system has no such information unless voters are aware of the linkage between the taxes they pay and the benefits thereby provided. This linkage is weak between local taxes and expenditure.

The community charge, together with a centralised business rate and a simpler system of central government grant, is intended to ensure that marginal changes in local spending are directly reflected in changes in the level of local taxation and that these affect all residents so that they are able, by voting, to signal their preferences regarding the quantity and quality of local public goods' provision.

By arguing in favour of taxation according to benefit one is not denying the importance of promoting fiscal equity by means of redistribution either through social services, social security payments or taxation according to ability to pay. If sufficient taxes are levied according to ability to pay in order to finance redistributive income transfers, the recipients can use these to pay for private goods as well as for public goods provided by local government and financed by user charges or a community charge. The extent to which the fiscal system reduces inequality in people's ability to consume depends not on the existence of a poll tax as such, but on the impact of the fiscal system as a whole. Local government plays a much more important role in the provision of public goods than in redistributive transfers, to which central government is better suited. Hence there is a good case for local taxation according to benefit but not for national taxation.

It therefore makes no sense to argue that all taxes must be set with regard to ability to pay and that it is inconsistent to have taxes set according to different principles. It is almost invariably the case that economic objectives are not all mutually consistent. The divergence between them can be reduced by the appropriate use of several policy instruments. Hence efficiency in the allocation of public goods can be promoted by setting some taxes according to benefits received, while other taxes are set according to ability to pay in order to reduce income inequality. Given that domestic rates account for only four per cent of total tax revenues, it does not seem unreasonable to have such a small proportion set in some relation to benefits received.

Those on low incomes will be entitled to a rebate of up to eighty per cent of the community charge. Those on state benefits will receive an additional allowance equivalent to twenty per cent of the community charge.

It is misleading to dismiss the community charge as a poll tax without considering the rest of the local government finance proposals. For instance the proposed local business tax will bear more heavily on businesses in the south than in the rest of England. It is even more misleading to debate the merits and demerits of the community charge without considering its economic and political functions in relation to those performed by the tax system as a whole. Seen in this context it has both advantages and disadvantages. One point against the community charge is that it will be more expensive to administer, especially at first, than most other taxes, including rates, which are less easy to evade.

Rosalind Levacic.
Open University,
Walton Hall,
Milton Keynes, Bucks.

Penalising the passengers

From the Director-General, Air Transport Users Committee

Sir,—Mr Bill McMillan (June 20) asks if it is time for airline "no shows" to pay a penalty. He is right to be worried about the "bumping" that goes on, but the whole subject is a minefield. Would those penalised include passengers held up in traffic jams; or sent to the wrong terminal or those whose handwritten tickets had different dates and times to those in the computer? Would it include those who had caught an earlier flight, where the handling agent had not bothered to cancel the later booking, even though the passenger had asked him to do so?

The evidence is that only about 30 per cent of the "no shows" are malicious. Much more of the problem is caused by "mistakes" by airlines and their agents, some of them deliberate, which cause many "go-shows" — passengers who arrive without a booking in the computer. A panel of judges would have to be in constant session at every airport to separate innocent mistakes from misconduct!

Even more important is that all the "no shows" cause only a fraction of the bumping; Air France states 20 per cent. Perhaps the biggest problem is that the airlines are forced by what they see as their commercial best interests to yield to the pressures from the group travel organisers, each of whom places business worth millions per annum. The airlines dare not apply cutoff dates rigidly for group seat allocations. If a group making a connection misses it, it will often be given preference over individual passengers on the next flight.

Richard P. Botwood.
129 Kingsway, WC2.

Internationally diversified

From Mr M. Collyer

Sir,—Lex (June 29) makes some interesting observations on the extent to which international diversification in UK pension funds already exists, and perhaps more importantly how such diversification should be measured in order to identify whether an optimum level has been achieved.

I could not help but notice that Lex made passing reference to the fact that interest rate differentials in bond markets are supposed to take care of fluctuations between different countries' inflation and exchange rates, but then referred only to UK pension funds' equity portfolios when discussing international diversification. A typical fund is indeed currently exposed to overseas markets to the tune of at least 20 per cent of its assets, and this weighting is invariably committed to equity markets. The same "typical" fund will have between 15 per cent and 20 per cent of its assets invested in bonds, of which less than 3 per cent, or say ½ per cent of the total fund will be invested overseas.

As Lex says, many risk diversification models, including our own, point to a figure as high as 50 per cent for overseas diversification, which might be considered daring, especially as the bond portfolio of a UK pension fund might be required to meet cashflows. Even so, surely fund managers and trustees should be looking hard at their fixed interest porfolios from an international point of view?

M. P. Collyer (Fund Manager).
Crown Agents,
Treasury and Investment Services, 52 Grosvenor Gardens, SW1.

A fudge issue

From Joan Langrognat

Sir,—Having followed my own son's schooling in Franc until he was 17 I find exactl my own experience describec in Joe Rogaly's article of Jun 25.

Perhaps it would be a usefu exercise to outline Frenc teachers' rights and obligation during their working day which I wager will be ver different from their Englis counterparts.

Until we can, and do, brin our educational standards i government schools up to similar standard we canno hope to survive in this fiercel competitive world. The whol argument about state an private education is a fudg issue. State education must (necessity play the major rol but we must return to th thorough teaching of basi skills (without the claptrap) i primary schools, without whic any attempt at secondar education must be a waste c money.

Joan Langrognat.
6 Oxford Road,
Harrow, Middlesex.

Museum pieces

From Mr D. Robertson

Sir, — Mrs Esteve-Coll is tc be congratulated on her appointment to the daunting role of director of the V&A.

But it was scarcely fair to describe her (July 3) as "the first woman to head an impor tant museum in Britain" barely a year after Dame Margaret Weston's retirement at the end of 30 years at The Science Museum a few yards up Exhibition Rd — latterly as director.

Not only was Dame Margaret (so far as I know) the first woman to run a major national museum, it was especially to her credit that she rose through the ranks of a largely masculine institution (after a spell in GEC) when far fewer women held senior posts in science and engineering than in the arts.

David Robertson.
18, Shandon Rd, SW4.

FINANCIAL TIMES

Wednesday July 8 1987

Victor Mallett explains how winning US aid requires an understanding of US politics

Black Africa's fight to stand alone

THE TWISTS and turns of US politics are being followed with keen interest by the staff of a small office in the Botswana capital of Gaborone, thousands of miles away in Africa. They work at the headquarters of the Southern African Development Co-ordination Conference (SADCC), the increasingly important nine-nation group which aims to reduce the region's heavy economic dependence on the Republic of South Africa.

For the nine, as for so many other developing countries, the US is a significant source of bilateral and regional financial aid, but they find it as difficult to understand American politics as the Americans do to understand Africa.

SADCC, comprising Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, was founded seven years ago. The organisation is headed by Dr Simba Makoni, a Zimbabwean, the executive secretary who recently led a delegation to the US to drum up support.

He returned somewhat disappointed. Dr Makoni is accustomed to the sort of Americans who think Botswana might be in Nigeria or South Africa, but he and his colleagues were struck by what they saw as the unpromising political climate for SADCC.

Less than a year ago the US Congress expressed strong support for the black states of southern Africa and pushed through sanctions against the Pretoria Government in the face of bitter opposition from President Ronald Reagan and his Administration. Now, paradoxically, the Administration is trying to earmark money for SADCC in the face of opposition from within Congress.


Robert Mugabe - US senators are racist at heart

Dr Makoni blames several factors, including the pressure to cut US foreign aid in an attempt to ease the budget deficit, the feeling among Congressmen that they have already done enough for southern Africa with the anti-apartheid sanctions package and the strength of right-wingers, for whom anything Communist, like Angola and Mozambique, is anathema.

While the SADCC team was in the US, the Senate, debating supplemental aid appropriations which would provide $50m to SADCC, overwhelmingly passed an amendment introduced by Senator Larry Pressler to deny assistance to any SADCC country harbouring "terrorists who practise necklacing against South African blacks."

The amendment was aimed at the African National Congress fighting Pretoria, some of whose supporters have killed blacks suspected of collaborating with the Government by placing a petrol-soaked tyre around their necks and setting it alight. It probably will not become law, but it angered the Reagan Administration and the SADCC countries, where it attracted far more attention than in America.

The US State Department criticised the sweeping language of the amendment and said it would strike indiscriminately at all SADCC countries, even those which had taken steps to prevent ANC guerrillas using their territory to attack South Africa.

Mr Robert Mugabe, the Zimbabwean Prime Minister, was more outspoken, calling the senators "racists at heart". He said: "Your 30 million pieces of silver for the enslavement of our fellow blacks in South Africa, please keep to yourselves."

Last year the Americans were talking of a figure of $500m in aid for SADCC over the next five years, but the prospect of it arriving is becoming increasingly distant. Fortunately for SADCC it has won the respect of other donors, including the European Community and Scandinavia, by taking a practical rather than rhetorical or purely political approach. The goal of reducing dependence on South Africa is seen as important whether it is ruled by blacks or whites.

"The rationale for regional co-operation, particularly in the productive sector, is based on the realisation that none of our member states - on its own - has the capability to maintain a viable industrial economy," Dr Makoni said. SADCC has outlined 400 projects since its inception, costed at about $5.4bn. Some $2.6bn has already been secured.

So far the emphasis has been on improving infrastructure - railways, roads, ports, electricity, telecommunications, air links - and SADCC is now beginning to turn its attention to production and trade. Although SADCC officials hope they have overcome nationalism and fostered a regional identity, businessmen at the annual conference in Gaborone earlier this year (where the theme was "investment in production") were quick to point out the obstacles to increased trade within SADCC, including stifling bureaucracy and shortages of foreign exchange.

Mere liberalisation is not enough to overcome these problems, according to a Norwegian study on trade in the region. SADCC is therefore pressing for intervention by governments to increase trade between member countries by means of annual targets and bilateral agreements, and is planning, with the help of donors, to establish funds for export credit and export pre-financing in foreign exchange.

SADCC has made some progress with improving transport and communications in southern Africa, but attempts to reduce dependence on South Africa are proceeding slowly. Trade within SADCC makes up only 4 or 5 per cent of the total trade of the nine countries and one country, Zimbabwe, is partner to about 80 per cent of that inter-SADCC trade. Trade with South Africa represents about 30 per cent of SADCC imports and 7 per cent of exports, and South Africa remains vital as a route for SADCC trade

Six go on trial for Chernobyl nuclear disaster

THE FORMER director of the Chernobyl nuclear power station and five of his aides went on trial yesterday for their part in the world's worst nuclear accident, Reuter reports in a pooled dispatch from Chernobyl.

The case against the six, including former plant director Mr Viktor Bryukhanov and chief engineer Mr Nikolai Fomin, was being heard in an improvised courtroom at the House of Culture in the town of Chernobyl, 18km from the station.

Judge Raimond Brize, a deputy chairman of the Soviet Supreme Court, said the trial was convened to hear "the violations of rules of technical security" by the six, who sat quietly, guarded by security police.

An official read a report issued by an investigatory commission on alleged violations committed by the defendants, while in the body of the court relatives of the victims of the accident and workers at the Chernobyl power station listened.

The charges were not immediately stated in court, but the official newsagency Tass said the men were charged under article 220 of the criminal code of the Ukraine.

The article covers "responsibility for a breach of safety regulations at explosion-prone plants, a breach entailing loss of life and other grave consequences", Tass said.

At least 31 people were killed and 135,000 evacuated from nearby areas after a blast and fire at the fourth reactor on April 26 last year sent radioactivity across a wide area of Europe.

The four other officials on trial are: Mr Alexander Kovalenko, former chief of the fourth reactor; Mr Anatoly Dyatlov, deputy chief engineer; Mr Boris Rogozhin, shift chief at the fourth reactor; and Mr Yuri Laushkin, senior engineer of the industrial-technical department.

Judge Brize, who sat on a black high-backed chair emblazoned in gold with the Soviet hammer and sickle, told each of the defendants to stand in turn, identify themselves and give their work history. Some spoke so softly that he had to ask them to speak up.

Mr Dyatlov, 56, was the only one to show visible emotion. He leaned forward with his fists on the table when spoken to by the judge and closed his eyes when answering questions.

The presence of a judge means any appeal against the verdict can only be made to the Supreme Soviet, or parliament. Soviet officials said the trial was expected to last three weeks, with 50 witnesses likely to be called.

Soviet sources said the six defendants would probably face a maximum sentence of seven years in jail if found guilty.

The judge was flanked by two lay assessors and to his left sat five expert witnesses to analyse the causes of the accident and express their opinion on what actions the plant officials should have taken.

Mr Bryukhanov, 51, dressed in a blue shirt buttoned at the neck, answered questions in a soft voice. "I worked at the Chernobyl atomic power station. I was the director," he said, adding that he had received several top Soviet decorations.

He and Mr Fomin were sacked and then arrested in June last year. They were accused at that time of having failed to assess the gravity of the situation and organise rescue work promptly. Both were in bed when the accident took place at 1.23am.

All those attending were screened for traces of radiation by white-gowned technicians as they entered the court building. Television crews moved noisily through the courtroom, photographing the participants and watching the proceedings.

An information spokesman said more court hearings would follow to determine what people lost due to the accident. "Today's trial will consider the facts of the accident," he told a dozen foreign correspondents brought from Moscow for the trial.

Mr Bryukhanov, Mr Fomin and Mr Dyatlov are being held in police detention. Mr Rogozhin, Mr Laushkin and chief of the fourth reactor Mr Kovalenko, who are still working at the nuclear power station, are living in Zeleny Mys, a town created to house Chernobyl plant workers after the disaster.

The trial adjourned after one hour and 45 minutes for a one-hour break. According to the charge sheet, Mr Bryukhanov, Mr Dyatlov and Mr Fomin accepted that they were professionally responsible for the accident but not guilty on other charges.

The charges indicated that Mr Dyatlov was at the plant when the accident took place and accepted that procedure and safety regulations were broken. But he did not think these breaks in discipline serious enough to cause the accident.

THE LEX COLUMN

Now you see it; now you don't

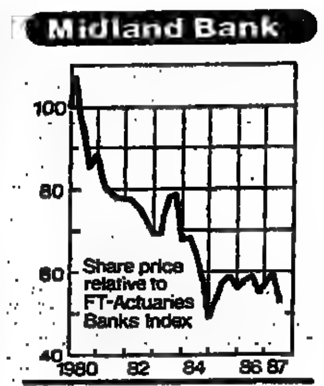
When Midland Bank increased by £160m its specific provisions against Third world debt in March, the charge, quite properly, was taken above the line. Yesterday's hit of £916m will be taken below the line. There is no difference in principle between the two charges, but Midland has a tradition of liberalism in its interpretation of accounting standards. Doubtless its auditors, Ernst & Whinney, will be able to reconcile this with the intentions of another client, National Westminster Bank, which is to take its own increased debt provisions above the line. As Midland will probably have explained, its UK deposit account holders might get rather nervous next March, if Midland were then forced to announce a pre-tax loss of around £400m.

Yet such presentational matters do not disguise the truth: Midland has had to shrink its UK branch network by almost a quarter and will have the profits of the next two years wiped out, in order to bring its balance sheet into conformity with reality. The regional subsidiaries are being sold at a premium of about 22 per cent to asset value, which is not much better than the current share prices of the other Scottish clearers, which contain little in the way of bid speculation.

It also seems that the sale will result in immediate earnings dilution, even if the money went into fixed interest, rather than the more likely hole of branch modernisation. But Midland is now driven by the need to increase its equity to assets ratio, and National Australia Bank is the unlikely beneficiary of this imperative. It is up to the UK Government to worry about what the Japanese will make of the first sale of a UK clearer to a foreign concern, and one based in the Pacific, at that.

The write-offs leave Midland with provisions to the value of 27.4 per cent of its LDC loan book. For some reason the company considers it irrelevant that this is below NatWest's 30 per cent, but highly relevant that its own overall cover of 5.4 per cent is the highest in the sector. All that proves is that people with the shortest sight need the thickest glasses.

There will be no problems with such a deeply discounted rights issue, but on most forecasts of 1988 earnings, the exrights price puts Midland on a similar rating to those of the competition, which suggests that yesterday's 7p rise to 654p will not have much follow-up.



Banque Paribas

Across the Channel they do things differently. Banque Paribas - admittedly a bank not weighed down by bad debts - is sweetening its latest one-for-eight rights issue with a warrant. The warrant (swappable for an ordinary share over a set period for a yet to be disclosed sum) is becoming an increasingly common new issue ruse on the continent, and it is something of a mystery why it has not caught on in the UK. Paribas is expected to price its issue at the slimmest of discounts or even at a slight premium and is confident that it will face no trouble getting it away. This is despite the fact that the bank only came to the market at the end of last year, it has given no very specific reason for the issue, and the French market is in the middle of digesting a deluge of financial paper.

As well as helping to avoid a heavy discount, the warrants ought to keep the post-rights price up and provide for a further capital inflow over the relevant period (probably 18 months or two years). The fact that Paribas is well capitalised by French standards (which is not saying very much) has led some analysts to speculate that the bank is gearing up for a major acquisition. However, with the French "Big Bang" around the corner, it will find plenty of uses for the extra cash. Indeed it is probably essential merely to retain a leading position in the international capital markets and outside France the bank is not so well padded. Compared to most UK merchant banks the rating looks high but in case some of those small shareholders want to realise their profits international interest will more than compensate.

Granada

When a company is attempting to regroup its business in the way Granada is, its financial results are best regarded as a progress report. Interim pre-tax profits up 17 per cent to £45.9m, and earnings per share ahead at almost the same rate, are encouraging but bear little relation in their compostition to the future strategy.

For within the total the rental business, with retail now added on, is still more than half trading profits and showed a mere 7 per cent gain. The decline in rental subscribers at "only" 3 per cent is good news in that the inevitable evil day is nearing fairly slowly. Meanwhile hard work to improve efficiency and the addition of Wigfall's 50,000 accounts keeps the profits up and the all-important cashflow coming through to finance diversification.

Selling televisions and videos through rental shops can be counted a success in that Granada has gained a 4 or 5 per cent market share. The acquisition of a similar share through Laskys should, so long as Granada gets the refurbishment formula right, mean decent profits there in a couple of years. In leisure too Granada appears to be aiming in the right directions without any grandiose schemes. Budget hotels, theme parks, school holidays, leisure centres, even bowling alleys are a reasonable spread of relatively mass-market activities which ought to take up the running as bingo retreats. If there is a criticism it is that the development is too piecemeal.

Finance should not be much of a problem, even for the satellite broadcasting project. And if the pay back on investment is not instant the share rating - at around 14½ times prospective - is hardly taking much on trust.

Kidnapped journalist appears on video

MR CHARLES GLASS, the kidnapped American journalist, appeared in a poorly filmed video cassette released to a foreign newsagency in Beirut yesterday and said he had been working under cover for the Central Intelligence Agency, Reuter reports from Beirut.

Straining his eyes to read from a prepared text and pronouncing some words haltingly, Mr Glass, 36, appeared less than convincing in the confessions about the nature of his activities and visits made to Lebanon.

"I am Charles Glass. Many of you only know me as a journalist. But few know the truth. I used the press as a cover for my main job with the Central Intelligence Agency...I collect information for the benefit of the CIA," he said. Wearing a dark blue track suit and looking worn, Mr Glass appeared to have some difficulty in moving his upper lip, suggesting he may have been beaten.

Mr Glass was abducted on June 17 along a Syrian-controlled coastal stretch just south of Beirut, with two other people who were subsequently released.

Edward Mortimer writes: This is believed to be the first time any of the hostages in London has been made to denounce himself publicly as a CIA agent. No such video was published of Mr William Buckley, the genuine CIA station chief in Beirut, who is believed to have died in captivity and whose release was a major objective of the secret arms sales to Iran.

Other hostages confined themselves to general condemnations of US policy and pleas for concessions to the demands of the kidnappers. Mr Glass mentioned no demands. His statement is more reminiscent of those made on Iranian television by condemned opposition leaders and by the British journalist and businessman, Mr Roger Cooper.

To anyone who knows Mr Glass it is immediately obvious that his "confession" was dictated under duress. All his contacts and sympathies in the Middle East are well known to be on the Arab side, and even if he had been working for the CIA - which would be completely contrary to his known character and principles

EC fails to agree on indirect tax reforms

BY TIM DICKSON IN BRUSSELS AND QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Commission last night failed to agree on major tax reform plans which would bring indirect taxation into common bands in the 12 EC member states.

The package presented by Lord Cockfield, the British Commissioner responsible for internal trade in the Community, would require big changes in excise duty and value added taxes in several member states.

It has already aroused fierce controversy in the UK and Ireland, where it is seen as a threat to zero rates of VAT on items such as food and children's clothes, and in Denmark, where indirect taxes have traditionally been far above the EC average.

A special Commission meeting last night failed to muster the necessary support, and Mr Jacques Delors, the Commission President, called off the debate until more members could attend.

The failure to agree is a setback for Lord Cockfield, for whom the plans represent a vital step towards removing all internal frontiers within the Community. He has argued that only by approximating indirect taxation can the Community move towards the creation of a "single space without frontiers."

Commission officials believe that the package will go through when more of the 17 members are present.

Lord Cockfield intended to announce his plans - creating a standard VAT band of between 14 per cent and 19 per cent, and a special low rate of between 4 and 9 per cent for sensitive items - today in the European Parliament. That will now be postponed probably until next week.

One of the most controversial aspects of the package is a proposal for common excise duty rates for cigarettes and tobacco, beer, wines and spirits and petrol - bringing a huge range of different taxes into line. It would mean radical price changes in many member states.

Key opponents of the tax plans include the British Government, worried that its zero rates would be called into question, Ireland and Denmark, both of whom would have to sharply reduce their standard VAT rates and find other sources of tax revenues.

The plans are also strongly opposed in the Commission by a minority, including Mr Stanley Clinton Davis, the junior British Commissioner, Mr Henning Christophersen, the Danish vice-president, and Mr Claude Cheysson, the junior French Commissioner.

Mr Delors was clearly unhappy to push such a major package through last night with only 12 Commissioners present, but the basic contents of the package seem unlikely to change. Several likely supporters were among the five Commissioners not in Strasbourg for the meeting.

Whatever happens, the debate on the tax plans will certainly be long and difficult. In Strasbourg yesterday Mrs Lynda Chalker, the Minister of State at the British Foreign Office, underlined her Government's objections in meetings with both Tory and Labour MEPs.

She said her government was determined to maintain its zero rates - on which the Commission says special exemptions can be applied for - and stressed that unanimity of the 12 member states was required for any decision, giving any one state an effective veto.

Europe to offer farm trade reform plan by end of year

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Community will table its own programme for the reform of world agricultural trade before the end of the year. The ambitious US proposal for eliminating all government farm subsidies in 10 years did not accord with the realities of world agriculture, the EC Commission said yesterday.

In a response to the US, which Mr Guy Legras, the Commission's director-general for agriculture, stressed had been agreed among all 12 member countries, the Community once again made it clear that it will not be hustled into farm trade reform.

Under the US plan the Community would effectively have had to dismantle its Common Agricultural Policy before the end of the century.

The US plan, submitted on Monday to the group negotiating on agriculture in the General Agreement on Tariffs and Trade (Gatt) was "extremely courageous" but would push agriculture further beyond national control than anything so far done in Gatt for industry or services, Mr Legras told the group.

It wrongly assumed the existence of a uniform world agricultural system. If government intervention was completely removed, the slightest change in politics, on foreign exchange markets or in climate could have a disproportionate effect on prices, Mr Legras said.

Japan also said yesterday that it was looking for a more realistic mix between free trade and full government support than the dash for 100 per cent free trade sought by the US.

Most countries, including the Community, yesterday gave the US credit for tabling the first concrete proposal for reform in the agriculture group and for giving the negotiations a fillip.

Mr Legras stressed that the Community agreed largely with the US diagnosis of the untenable situation in agricultural trade and of the necessity for bringing farm output into conformity with demand, so that surplus stocks could be drawn down and expensive subsidies abolished.

The EC would stick to the commitment by the seven big industrial nations at the Venice summit to submit proposals for trade reform in Gatt, Mr Legras said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	26	79	Malta	S	28	82	Rhodes	S	27	81
Algiers	S	28	82	Edinburgh	F	18	64	Manchester	F	17	63	Rio de J'o	S	26	79
Amsterdam	S	25	77	Faro	S	27	81	Manila	S	33	91	Rome	S	34	93
Athens	S	27	81	Florence	S	31	88	Melbourne	S	15	59	Salzburg	S	27	81
Bahrain	S	38	100	Frankfurt	S	27	81	Mexico City	C	21	70	San Francisco	S	24	75
Bangkok	C	31	88	Funchal	F	22	72	Miami	C	31	87	Seoul	S	29	84
Barcelona	S	27	81	Geneva	S	32	90	Milan	S	27	81	Singapore	S	31	88
Beirut	S	30	86	Gibraltar	S	25	77	Montreal	C	30	86	Stockholm	C	26	79
Belfast	C	16	61	Glasgow	F	18	64	Moscow	S	19	66	Strasbourg	F	24	75
Belgrade	S	30	86	Guernsey	S	19	66	Munich	F	25	77	Sydney	S	18	64
Berlin	S	32	90	Helsinki	S	20	68	Nairobi	C	18	64	Taipei	C	35	95
Biarritz	C	22	72	H. Kong	R	30	86	Naples	F	31	88	Tangier	S	29	84
Bombay	C	29	84	Innsbruck	F	29	84	Nassau	C	32	89	Tel Aviv	S	29	84
Bordeaux	C	26	79	Inverness	C	15	59	New Delhi	S	42	107	Tenerife	F	26	79
Brussels	S	26	79	Islamabad	C	32	90	New York	C	26	79	Tokyo	C	35	95
Budapest	S	25	77	Istanbul	C	22	72	Nice	S	28	82	Toronto	C	27	81
B. Aires	S	21	69	Jakarta	C	33	91	Nicosia	C	33	91	Tunis	S	31	88
Cairo	S	31	88	Jersey	S	22	72	Oporto	F	21	70	Valencia	S	20	68
Cape Town	S	20	58	Jo'burg	S	14	57	Oslo	S	24	75	Venice	S	26	79
Caracas	C	29	63	Lima	C	19	66	Paris	C	31	88	Vienna	S	26	79
Casablanca	F	24	75	Lisbon	S	29	84	Peking	S	28	82	Warsaw	S	26	79
Chicago	R	339	27	London	C	25	77	Prague	S	25	77	Washington	-	-	-
Cologne	S	26	79	Los Angeles	C	26	79	Reykjavik	C	11	52	Zurich	F	25	77
Copenhagen	S	22	72	Luxembourg	TH	21	77								
Corfu	70	28	82	Madrid	F	28	82								
Dallas	-	-	-	Majorca	S	29	84								
Dublin	C	18	64	Malaga	S	29	84								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Trident competition

Continued from Page 1

previous US strategic submarine-launched missiles.

The US Navy has gone the furthest of the three US services in trying to open up defence equipment monopolies to competition. It is also trying to entice the Newport shipyard into competition with General Dynamics in building Trident submarines.

Britain is building its own Trident submarines, but is buying the D-5 missiles from the US under an arrangement begun with UK purchase of Polaris missiles in the 1960s. Any savings made by the US government are automatically passed on to Britain, but the UK Defence Ministry said yesterday that "it is impossible to judge what cost savings might be made at this early stage."

The UK Government has said it plans to spend £1.1bn of the total £9.26bn ($14.9bn) cost of its Trident programme on buying the missiles from the US. Clearly, any savings would be highly welcome on a programme which has been widely criticised in the UK as beyond British means and as a diversion of scarce resources from conventional defence.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday July 8 1987

Texas Instruments signs 5-year chip agreement with Intel

BY LOUISE KEHOE IN SAN FRANCISCO

TEXAS INSTRUMENTS (TI) and Intel, two of the largest US semiconductor manufacturers, have signed a co-operative agreement through which both companies aim to become leaders in the growing market for Application Specific Integrated Circuits (ASICS) which are tailored to meet the specific needs of individual customers.

The five-year agreement calls for both companies to establish this year common standards in two product types; standard cells and gate arrays. Standard cells are building blocks used to compose customised circuits. Gate arrays are arrays of logic devices can be connected in a customer specific pattern to define their functions. Both types of chips are commonly used in all types of computers.

Worldwide ASIC sales currently total about $3.2bn, according to International Circuit Engineering, a US market research group. The market will grow to over $9bn by 1991 it predicts.

Under the terms of the agreement Intel and TI will become alternate sources for CMOS (complementary metal oxide semiconductor) gate arrays and standard cells. The companies will swap existing and future designs, process-technology specifications, packaging and test standards.

Through their agreement, TI and Intel hope to stablish industry-wide standards for ASIC using a similar strategy to that adopted in the 1970s for microprocessors.

"Currently systems manufacturers are faced with a wide variety of vendors and design options and few standards exist," Jack C Carsten, Intel senior vice president said. "This agreement can help allay customer confusion by establishing new ASIC standards."

Analysts question, however, whether this approach can work well for Intel and TI in the ASIC market.

Compaq expects sales to hit $1bn this year

BY OUR SAN FRANCISCO CORRESPONDENT

COMPAQ COMPUTER, the US personal computer maker, is on the way to posting $1bn sales this year, Mr Rod Canion, president and chief executive said. In 1986 sales totalled $625.2m.

The company's sales growth in the second half of 1987 should match the gains of 60 per cent to 70 per cent it enjoyed during the first two quarters of the year, he said.

In an aggressive challenge to IBM, Compaq claimed that its high-end personal computers will outperform IBM's recently introduced Personal System/2 machines.

There had been a misconception that the new personal computer operating system, OS/2, announced with IBM's PS/2, would run only on the IBM products, Mr Canion said.

An operating system is the internal program that controls the functions of a computer. OS/2, created by Microsoft, the leading US personal computer systems software company, enables 16 and 32-bit personal computers to access more memory than current industry standard operating systems and to perform multiple functions simultaneously, effectively boosting the power of a personal computer to minicomputer levels.

Gordon Cramb in London profiles ANI, one of Australia's leading companies

Engineering steady growth rates

MR NEIL JONES, the mild, dapper 47-year-old who this month assumed the chairmanship of Australian National Industries (ANI), on the face of it shares little with the brasiner of that country's entrepreneurial managers.

ANI, Australia's leading heavy engineering group, comprises a sturdy brace of businesses rather distant from the froth of the Sydney share market. Its balance sheet has traditionally been conservative – terms like gearing and leverage are perhaps more useful in technical specifications for its products, which range from tram cars to excavator buckets.

Yet ANI has just completed what is expected to prove its 20th consecutive year of profit growth, mostly in double-digit percentages. The forecast is for net earnings up 13 per cent to A$64m (US$46.4m), on sales which should be well ahead of the A$1.27bn achieved last time.

The engineering chief finds few reasons for optimism in the outlook for the domestic industries – transport, construction, resoruces – which his businesses must primarily serve.

"We think the next four years are going to be fairly rough in Australia," he says. "There is a lot more rationalisation to be done in Australian industry and the next few years are going to see it."

National economic problems ought not to translate too directly into a muting of future progress by ANI. For a start its contracting and manufacturing operations are almost evenly matched by revenues from a distribution and service side which includes franchises ranging from minicomputers to Komatsu earthmovers. Overall, sales are derived roughly a third each from the state, private industrial and consumer sectors.

Growth has certainly been helped by judicious acquisition – notably Comsteel Vickers, a steel fabricator which it has turned round from losses, and Comeng, through which it has won key rolling-stock contracts.

ANI, where managing director Mr Neil Jones (left) this month took over as chairman, has just completed what is expected to prove its 20th consecutive year of profit growth, mostly in double-digit percentages. The forecast is for net earnings up 13 per cent to A$64m (US$46.4m) and sales well ahead of the A$1.27bn last time.

Mr Jones is by no means a *soft* touch for his 12,000 or more employees. According to one industry analyst, Comeng has been made more efficient largely beacause "much of the earlier feather-bedding labour practices have been eliminated by an at times hardline approach to industrial relations."

When Mr Jones speaks of "opportunities" to offset a dull environment he is looking partly at the growth export markets of the Pacific and elsewhere, which the decline in the Australian dollar over the past year has done much to nurture.

He is also looking at an expansion of production overseas and hints that the group is "closer than ever" to a purchase abroad. Speaking in London, he would identify no targets beyond saying: "There are a number over here and there are more in the Midwest of the US."

These would be in a similar position to Comsteel Vickers, for which AMI some 18 months ago paid A$81m, about equal to net asset value. A pre-tax profit contribution of A$20m is well within reach from components of the unit, which have been integrated with existing ANI operations.

ANI has a modest operating presence abroad, bringing in A$2.2m in the latest year. A quarter of this came from ANI New Zealand, but activities elsewhere include container maintenance facilities in the US and a Philippines forge which it hopes will benefit from a more stable outlook there.

Acquisitions aside, the big revenue opportunities for a group like ANI come from international tenders, when large state or private sector infrastructural projects are under way.

These can be a precarious means of progress, sometimes involving expense – not least in management time – which delivers no return at all. A bid is undercut, or a whole project simply stalled.

This latter fate is prone to befall tenders in markets which may otherwise offer the most allure – one government contract successfully fulfilled in an emergent nation of the Pacific, say, may presage a regular flow of work.

Last year Mr Jones was perhaps too publicly enthusiastic about a prospective A$200m deal in Thailand for locomotives and passenger carriages: an abortive coup led to a cabinet purge and the ministerial promoter of railway modernisation was among those who lost out.

As did ANI and it was little consolation to know that it was the only contender if the development had gone ahead. All the same, he cannot resist raising the possibility of another contract of similar financial dimensions. Tenders closed a month or so ago for the first stage of the Channel tunnel construction programme, for which ANI is seeking A$200m of work providing steel castings.

The quarter-tonne units are needed to join together the Chunnel sections and, according to Mr Jones: "These are high specification materials and we are one of only three potential suppliers in the world."

Nor might it stop there. "Tunnels seem to be the rage at the moment – Hokkaido, Sydney, a second one in Hong Kong ...".

At its headquarters in Lidcombe, on the western edge of Sydney, ANI has also been precision machining its equity structure. This is not out of any overt fear of a predator, but rather in order to deliver shareholders a capital and income package best adjusted to a batch of corporate tax and accounting changes which the federal authorities have set in train over the last few months.

The broad effect of the Canberra moves – which alter taxing of dividends and restrict equity accounting of associates – appears to favour companies which, like ANI, are relatively high taxpayers, produce a high dividend yield and are operators rather than investors.

On one stockbroking analysis the new system for dividend imputation puts ANI, with a yield approaching 5 per cent, in the top eight beneficiaries.

In May it hurried through a four-for-five scrip issue which the group acknowledged was an "abnormally high rate of bonus" aimed at using up capital reserves before the new legislation eroded their effect.

While showing it can pull off manoeuvres such as this, the group chooses not to get involved as a third-party position-taker in stock market plays. Rather smaller companies were writing their names last year on the share register of Broken Hill Proprietary, where Mr Jones spent his early days in the steel division and with which ANI has a long-standing customer relationship.

Kidde shares jump as management puts group up for sale

BY WILLIAM HALL IN NEW YORK

KIDDE, a New Jersey-based conglomerate which manufactures everything from Jacuzzi whirlpool baths to Tommy Armour golf clubs, announced yesterday that the company was for sale, sending its share price soaring on Wall Street.

The group said that it was considering a possible restructuring or sale of all or part of its business and added that its senior management was engaged in discussions with two companies with regard to a possible sale of all or a substantial portion of Kidde and has received other inquiries.

The announcement led to a sharp jump in Kidde's share price for the second day running and by early yesterday afternoon its shares were $9¼ higher at $61⅜. They had risen by $3 on Monday and at the current share price Kidde is valued at $1.3bn.

Mr Fred Sullivan, Kidde's 73-year-old chief executive who has headed the company for 25 years, said that the group had retained Lazard Freres and Bear Stearns as financial advisers to assist Kidde in reviewing all it options.

Mr Sullivan indicated that the company did not plan a further announcement unless a definitive restructuring plan was adopted or an agreement in principle was reached relating to the sale of all or substantially all of the company's business.

Kidde, which is headquartered in Saddle Brook, New Jersey, has turned in a lacklustre profit performance in recent years. However, until now it has been thought to be protected from a hostile takeover bid since Teledyne, a West coast conglomerate headed by Mr Henry Singleton, has had a 29 per cent stake in the company. Teledyne's shares rose by $16½ to $354½ yesterday.

Alberta freezes assets of two savings groups

BY ROBERT GIBBENS IN MONTREAL

SMALL INVESTORS in western Canada may lose part of their savings because the Alberta Government has had to freeze the assets of two savings subsidiaries of the Edmonton-based Principal Group.

The Alberta Securities Commission said it was aware in 1985 that mortgages held by one of the subsidiaries were more than 90 days in arrears and it published the information in its regular weekly bulletin.

However, the provincial Government claimed that although it knew of the troubles of the two subsidiaries, which were due mainly to mortgage failures, it could not issue a public warning "because of a confidentiality clause."

Savers at the two subsidiaries may lose a total C$60m (US$45m) in interest, but the Government said they could expect to get back the principal.

Investment contracts total about C$467m and about 60,000 small investors are confirmed. However, these contracts are not covered by the Canada Deposit Insurances Corporation.

Both the Federal and Alberta Governments were severely criticised for acting too slowly in the failure of the Canadian Commercial Bank and the Northland Bank in 1985.

Paribas proposes rights issue to raise FFr6bn

BY GEORGE GRAHAM IN PARIS

PARIBAS, THE French banking group, is coming back to the market for more than FFr 6bn ($980m) of new capital, only six months after its privatisation.

A large part of the offer will be aimed at overseas investors and will leave 20 to 22 per cent of the capital of Paribas in foreign hands, still well short of the 33 per cent which was foreign-owned before the bank's nationalisation in 1982.

Mr Michel Francois-Poncet, the group's chairman, announced yesterday that Paribas will issue 7m new shares, each carrying a warrant to buy one further share.

The price of the offer will be fixed tomorrow, but the rights issue is expected to raise around FFr 3.4bn, with as much again being raised on the exercise of the warrants.

Paribas is the first of the newly privatised French companies to raise a second round of fresh capital, although other companies, especially Compagnie Generale d'Electricite, increased their capital at privatisation.

Mr Francois-Poncet said a similar simultaneous capital increase had been considered for Paribas, the second French company to be privatised, but at the same time no one had expected the overwhelming success which brought the company 3.8m small shareholders.

Since then, the capital markets calendar had not allowed the operation to go ahead, but the moment now appeared right. Shares with warrants were particularly in demand, he said, as had been shown by the success of a similar FFr 2.9bn operation which Paribas had carried out on behalf of Peugeot, the car group, last month.

Priority will initially be reserved to Paribas's existing shareholders, with the right to one new share plus warrant for every eight shares held.

Since most of the 3.1m individual investors who remain from the flotation still have only the four shares they received then, Paribas is extending the right to subscribe for one share plus warrant to each shareholder, even if they have less than eight shares.

All shares not subscribed for by existing shareholders will be placed with international institutions, which have up to now been even more severely rationed than French buyers in their demand for Paribas shares.

If this still does not leave enough shares to satisfy overseas demand, a supplementary issue may take place, without priority subscription rights for existing shareholders.

"If we have to reduce overseas institutions' orders to 85 per cent or 90 per cent, that is acceptable, but we cannot go on reducing to 50 per cent or less, as we have had to in the past," said Mr Francois-Poncet.

Estimates of the likely take-up by the existing shareholders are extremely unreliable. Members of the "hard core" of institutional investors which have to hold on to their stakes for the next two years are all expected to take up their rights, but there is little clue to the reaction of the small investors.

"This is the first time that an operation of this sort has been addressed to millions of shareholders, and we have no idea what their response will be," Mr Francois-Poncet said.

Mr Francois Morin, joint managing director of Paribas, added that the group's banking and financial services operations had progressed satisfactorily in the first half of 1986.

He expected a significant increase in profits from the FFr 3.2bn group consolidated earnings recorded last year, as heavy losses such as those of the retail banking subsidiary Credit du Nord should not recur, all operating arms were forecasting an improvement, and a number of capital gains had already been realised.

See Lex, Back Page

SocGen draws 2m subscribers

BY OUR PARIS STAFF

SOCIETE GENERALE, the French commercial banking group, will have 2.3m shareholders after its recent privatisation.

The heavy level of subscription, another in the line of overwhelmingly successful issues in the French privatisation campaign, just outstrips the 2.24m applications received by Compagnie General d'Electricite, the last big company to leave the state sector before Societe Generale.

Demand has not reached the peak of 3.8m applications recorded for Paribas, the second compay privatised, but the level of subscription for Societe Generale will still only just allow the Government to provide 10 FFr 407 shares per applicant.

The bank made full use of its large branch network, since an estimated 1.1m orders, nearly half the total, came from its 3.2m customers.

In earlier privatisation issues, Societe Generale—France's third largest commercial bank—has accounted for between 8 and 12 per cent of the applications.

Societe Generale has been symbolically important for the privatisation campaign undertaken by Mr Jacques Chirac's Gaullist government, since it is the first company to be sold off from those nationalised by General Charles de Gaulle at the end of the Second World War, rather than from those taken over by the Socialist government of President Francois Mitterrand in 1981.

MAN and Alsthom in diesel link

BY OUR FINANCIAL STAFF

MAN, THE West German mechanical engineering group, is to hold a 51 per cent controlling stake in a new company grouping its interests in the diesel engine manufacturing industry with those of Alsthom, the French heavy engineering group.

In a statement issued ahead of a board meeting due to take place today, Alsthom said the move would "open the way to a rationalisation of effort, notably concerning the two groups' research and development."

The two companies claimed the new venture would create a world class competitor in the diesel engine industry.

Alsthom makes Pielstick high-speed and medium-speed engines while MAN is a leading maker of slow- and medium-speed engines.

The transfer is expected to take place in two stages, with Alsthom first regrouping all its diesel activities under its SEMT subsidiary, which was originally set up as a mechanical research unit. MAN, which is handling its part of the transaction through B & W, acquired from the financially hard-pressed Danish Burmeister & Wain group, would in a second stage buy 51 per cent control of SEMT, with Alsthom retaining 49 per cent.

Alsthom, which is 65 per cent owned by Compagnie Generale d'Electricite (CGE), has two diesel production plants at Saint Nazaire and Jouet-sur-l'Aubois, a research centre at Bagnolet and laboratories at Saint-Denis.

The two companies said yesterday that their alliance would open the way to the creation of "one of the most important world manufacturers" in the industry.

In particular, it would allow a rationalisation of efforts in the research and development field, as well as making possible the joint marketing of a broad and complementary range of products in world markets.

Bosch lifts net profits by 7% to DM 430m

By Haig Simonian in Frankfurt

TURNOVER at Robert Bosch, the West German electronics and vehicle components group, increased by 2.3 per cent to DM 21.7bn ($11.85bn) last year from DM 21.2bn in 1985. Sales in the present business year are expected to rise to about DM 23bn, said Mr Marcus Bierich, the chief executive.

Group net profits in 1986 increased by 7 per cent to DM 430m against DM 402m in 1985. However, exports fell to 51 per cent of group turnover compared with 54 per cent the previous year on account of exchange rate factors, he said.

Mr Bierich stressed the growing importance of electronics in the company's turnover, especially in automotive components. Bosch's anti-lock braking system (ABS) was now being used by 19 car manufacturers on 41 models, and deliveries of about 1m ABS units were planned this year—50 per cent up on 1986.

Fixed investment at Bosch rose by 20 per cent last year to DM 1.7bn against DM 1.4bn in 1985, and was scheduled to climb to more than DM 1.8bn in 1987. Some DM 500m will be ploughed into expanding ABS production in the next two years, with a preliminary version of an economically-priced ABS system for small and medium-sized cars due to come on stream next year.

Group turnover rose by 4.2 per cent to DM 9.4bn in the first five months of 1987 compared with the same period last year. Domestic sales increased by 5.3 per cent to DM 6.2bn, with ABS, headlights and fuel injection systems growing particularly fast.

However, Mr Bierich expected German economic growth to be flat in the months ahead. Overseas business had picked up especially well in the US and Japan, as well as Malaysia and Australia.

The group's liquid assets increased to almost DM 4bn from DM 3.8bn last year. Selling its 9.3 per cent stake in Borg-Warner, the US automotive products and engineering group, brought in $401m. Part of the proceeds would remain with Bosch subsidiaries in the US, said Mr Bierich, while $331m was being repatriated to Germany, where it would be subject to tax.

The company intended to strengthen its presence in the US — its biggest foreign market in spite of the fall in the dollar — by sharply building up its local production, with turnover forecast to increase from $900m in 1986 to more than $1bn this year.

While 70 per cent of Bosch's US sales were met at present from exports from Europe, Mr Bierich said he hoped the figure would fall to 60 per cent. The company planned to invest about $170m in the US between 1988 and 1990, focusing on large-scale ABS production at its South Carolina plants.

However, Mr Herman Scholl, a director, said he did not expect a reduction in the number of jobs in Germany as a result of higher output in the US.

NatNed may buy Maaslloyd from ABN

By Our Financial Staff

NATIONAL Nederlanden, the biggest Dutch insurance group, is holding talks with Algemene Bank Nederland, one of the Netherlands' big commercial banks, with a view to acquiring the bank's damage insurance unit, Schadeverzekeringmaatschappij Maaslloyd.

Maaslloyd, which has annual premiums of around Fl 80m ($38.6m), is based in Rotterdam.

Big demand for Mueller offer

THE FLOTATION of Georg Mueller, the West German tool-making company, closed after being oversubscribed on the first day of sale, Reuter reports from Munich.

Bayerische Vereinsbank, the lead underwriter, said the offer for 144,800 ordinary shares at a price of DM 240 to raise DM 34.75m ($19m) for the company was originally scheduled to close today.

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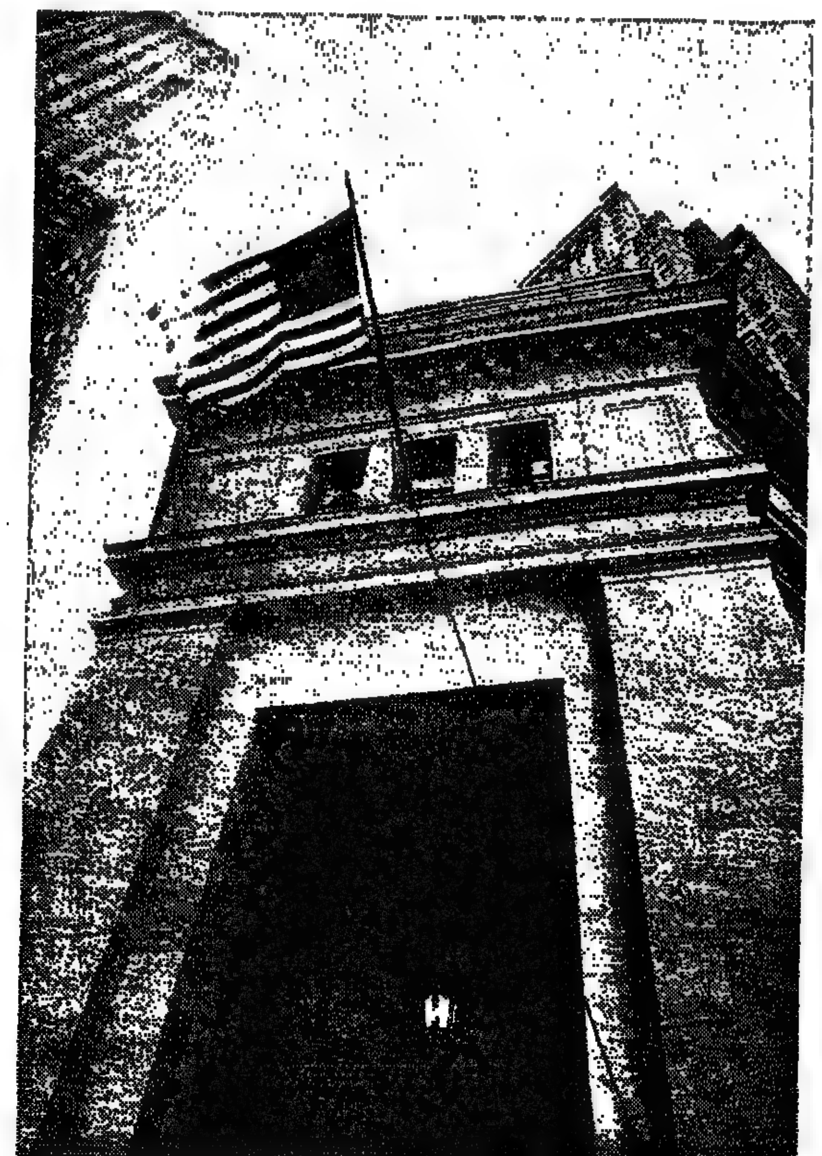

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Japan strives to adjust bank capital ratios

BY YOKO SHIBATA IN TOKYO

JAPAN'S BIG banks, faced with growing criticism abroad of their aggressive behaviour in recent years, are scrambling to raise reserves to internationally acceptable levels.

Yet, simply because the banks have become so large, it may take several years to bring their capital adequacy ratios into line with those of US and European banks.

The Japanese banks—and the Japanese authorities—have been shocked by the tougher attitude that foreign governments and central banks have been taking towards them in recent months.
NO 20—8/8½

The latest slap came in mid-June, when Moody's Investors Service said that it was reviewing the debt ratings of four Japanese banks—Bank of Tokyo, Long Term Credit Bank of Japan, Mitsubishi Trust and Banking and Sanwa Bank—for possible downgrading.

Yesterday Long Term Credit Bank said it planned to issue Y92bn of convertible bonds and stocks. The move is aimed at raising its net worth ratio to about 3.5 per cent from 3 per cent.

The main thrust, however, has been in the area of the adequacy of Japanese banks' capital reserves. In January, the US Federal Reserve Board and the Bank of England agreed on the need for international standards on capital ratios and began pressing the Japanese financial authorities to fall in line with their proposed guidelines.

The pressure intensified in the spring, when the Long-Term Credit Bank of Japan tried to buy a stake in Greenwich Capital Markets, a US treasury bond primary dealer. The New York Fed blocked the deal, saying that the political environment was not right.

In addition, the applications of four Japanese trust banks, Sumitomo, Mitsui, Yasuda and Toyo, to set up New York subsidiaries, first submitted last December, have been stalled. The Fed has demanded that the four produce fuller documentation, such as the outstanding balance of their trust accounts and data on unrealised gains on stocks held at the end of March 1987.

The banks and authorities in Japan have been shocked by the tougher attitude that foreign governments and central banks have taken

The Japanese banks and banking authorities argue that the foreigners' concerns are unjustified, and even smack of protectionism. They claim that if their hidden assets — the huge portfolios of securities and property entered in banks' balance sheets at their very low acquisition values — are counted as capital, then bank capital ratios are more than adequate.

The US and UK authorities disagree, and discussions at the official level are likely to go on for some time before any agreement on international guidelines can be reached. In the meantime, however, the Japanese are falling into line, seeking various ways to improve reserve ratios and reduce international friction.

● Last year the Japanese Ministry of Finance set a basic capital ratio guideline for the banks of 4 per cent, and 6 per cent for those with foreign subsidiaries, including 70 per cent of the current added value of hidden assets. The current average is about 3 per cent.

● The authorities also lowered the ceiling on the foreign net worth-to-foreign asset ratio to 2.5 per cent from 3.5 per cent in the hope that it would force the banks to moderate their rapid international expansion.

● For their part, the 10 largest Japanese banks recently announced plans to raise a combined Y1,100bn in new capital in the next couple of months through convertible bond and right issues. Analysts expect them to continue raising capital over the next few years, partly because the authorities have made it easier to do so.

● Since 1985, the commercial banks have been allowed to issue convertible bonds in overseas capital markets. The ministry agreed recently to lift a ban on such issues on the domestic capital market by regional banks, and will probably later lift it for the city banks.

● The banks are also finding ways to control the growth of assets and are putting more emphasis on non-asset related business, such as bond and foreign exchange dealings, and arranging mergers and acquisitions.

● They have been working particularly hard on converting some loans into securities. In March, 28 banks set up IBA Investment, a jointly-owned institution in the Cayman Islands, to take over some of their bad loans to Mexico.

There have also been moves to permit the securitisation of mortgages. The Finance Ministry has decided to allow mortgage suppliers to sell beneficiary certificates issued by trust banks for claims held in trust to other banks, life and non-life insurance companies.

The banks wanted to sell mortgage certificates to the general public in small lots, but the ministry backed away from this proposal, in part because the measure inevitably involved the touchy issue of Japan's segmentation of short-term and long-term finance in the banking industry.

A similar problem arose over subordinated bonds, but early this month the ministry said it would allow overseas subsidiaries of Japanese banks to float them. Mitsui Bank's fully-owned Canadian subsidiary will be the first to do so. Subordinated bonds, which are often issued by US and UK banks, are counted towards prime capital.

Japanese banks have also been active participants in overseas loan transactions since 1985, when the ministry allowed interbank yen and Euroyen loans to be extended to foreign borrowers.

Meanwhile, the Bank of Japan, in common with banking supervisors in other countries, has become extremely nervous about the rapid expansion of off-balance sheet business, which it fears will make the application of conventional yardsticks more difficult.

However, as one Tokyo banking analyst points out, it will take a long time before any of these moves has much impact.

The problem lies in the sheer size of the big banks' assets. For example, if Dai-Ichi Kangyo Bank, Japan's and the world's largest, were to freeze its assets at the current level, it would need to raise some Y360bn ($2.4bn) in new capital just to increase its capital ratio by 1 per cent.

Conversely, DKB would need to shuffle off up to Y10,000bn in assets to meet the proposed US-UK standards, and it would suffer a great deal in the process. Reducing its loan activity would be considered suicidal, as it would demoralise employees and disrupt relations with long-term customers.

EIB deal gives morale boost to sterling sector

CHASE INVESTMENT BANK, the investment banking subsidiary of Chase Manhattan, yesterday made a bold effort to dispel the lingering post-election blues in the Eurosterling bond market with a £100m deal for the European Investment Bank.

The issue was the first fixed rate bond to emerge in the sector since the three ill-fated deals launched on the morning after the June 11 election. After that, the hoped-for surge of overseas buying failed to develop closing the shutters on the Eurosterling issuing window.

Chase said that an opportunity to launch a sizeable, liquid issue for a top-name borrower had now emerged, following some recent improvement in sentiment in the gilt market because of the firmness of the currency.

This could be underpinned by yesterday's reports that the UK government was likely to overshoot its target for privatisation receipts this year, strengthening expectations that the official target for the public sector borrowing requirement would be undershot.

Other houses said the popularity of the borrower's name gave yesterday's issue a fair chance of success. But they added that there was a persistent lack of buying interest in the Eurosterling sector, and some selling by retail investors.

The 9¼ per cent, seven-year bond was priced at 101⅜ to give a yield margin of 22 basis points over the reference gilt. It was supported by the lead-manager at less 1¼ bid, a discount equivalent to the level of the full fees.

The new issues market had a quiet day although Morgan Stanley launched a $250m bond for Franklin Savings Association, the first straight issue for a US borrower since the US axed its tax treaty with the Netherlands Antilles last week. This move is thought to have

INTERNATIONAL BONDS

cast a shadow over issues by US companies in general.

Franklin's two-year collateralised 8⅛ per cent issue, priced at 100.925, came too late in the day to trade widely. But it was quoted by the lead-manager at levels just inside its total fees. The bond is in registered issue and targeted at large institutional investors rather than retail accounts.

Orion Royal Bank led a Ford Credit Canada, guaranteed by Ford Motor Credit. The 10 per cent issue, priced at 101½, was designed to take advantage of the recent better tone in the dollar sector and the scarcity of Canadian dollar paper in the seven-year area. It traded around its fees.

DG Bank led an A$75m three-year 14 per cent issue for DG Finance, secured by a bank deposit with the parent bank. The bond was priced at 101⅛.

In French francs, Credit Commercial de France launched a FFr 450m floating rate note issue for Tunnel Routier sous le Mont Blanc. The company is about 85 per cent directly or indirectly owned by the French state and operates the Mont Blanc tunnel between France and Italy under a state concession.

The first tranche of the issue amounts to FFr 300m, and its interest payments are linked both to interbank market rates in Paris, and the Euro-French franc interbank market.

The 10-year par-priced bond pays interest quarterly at a rate of ⅛ point over the London interbank offered rate. But this must not exceed the Paris interbank offered rate (Pibor) plus 25 basis points. If it does, the lower rate is paid.

Dollar Eurobonds were inactive yesterday as dealers watched the currency. This provided the focus of attention of the D-Mark bond market too, and here prices ended the day unchanged in low turnover.

On Friday the details of a new West German federal government bond issue are expected to be announced. A yield of 6¼ per cent is expected, in line with the trading performance of the last government issue.

In Switzerland, equity related issues continued in good demand gaining up to ½ point in price.

Spain outlines SE reforms

BY DAVID WHITE IN MADRID

A SINGLE computerised market for leading stocks, new-style broking and dealing companies, an end to fixed commissions, a centralised clearing system and formation of a new supervisory body are the main elements of Spain's planned stock exchange reform as outlined by Mr Carlos Solchaga, Minister of Economy and Finance.

Mr Solchaga told a seminar held at the Menendez y Pelayo International University in Santander that the long-awaited reform would be approved by the cabinet either later this month or in early September, so that it could be passed by parliment for implementation in the first quarter of next year.

The plan for a national "super-exchange", to which the markets of Madrid, Barcelona, Bilboa and Valencia would all be linked, means dispensing with the current system of *corros*, or 10-minute trading periods for blue-chip stocks and replacing it with continuous trading.

Less heavily capitalised stocks would continue to be traded on the regional exchanges, which would serve as a "trampoline" for access to the national market.

The reform implies a profound change in the status of stockbrokers. The present *agentes de cambio y bolsa*, trading as individuals, are to lose their official notarial role in the changeover to a new system of brokerage houses — initially reserved for the current brokers—and dealerships.

The dealing companies, which will be entitled to buy and sell on their own account and will be subject to a high minimum capital requirement, are due to bring in both brokers and financial institutions.

Mr Solchaga indicated that during Spain's transition period with the European Community, foreign participation in these companies would be limited. He also underlined that the reform would not imply a complete takeover of the market by banks.

A new National Securities and Stock Exchange Institute is envisaged in the reform.

Canadian banks may double foreign debt provisions

BY ROBERT GIBBENS IN MONTREAL

CANADA'S six largest chartered banks are expected to double their reserves against about C$25bn of loans to 34 developing countries, including Brazil, Argentina and Mexico.

Provisions are expected to be doubled over a relatively brief period to about 30 per cent of the value.

Last December the Inspector-General of Banks asked the big banks to increase provisions from about 15 to 20 per cent, but the Third World's ability to service the loans has deteriorated further.

Ottawa is now negotiating with the banks on the 30 per cent level, but the time period has not yet been fixed. Several US and European banks have already raised provisions against Third World debt to 30 per cent or more.

The Canadian banks say that the extra provisions will threaten reported profits in the current year ending October 31.

Meeting the 30 per cent level would require the bigger banks to raise their provisions by as much as C$800m in two cases.

The Canadian Imperial Bank of Commerce said it is ready to make "realistic" provisions against its Third World loans over a short period, but the other banks are more reticent in their comments.

Merrill loses London executive

MERRILL LYNCH, the US securities house, has unveiled another top management change in its London-based operations with the news that Mr Jean Rousseau is leaving his post as second-in-command to Mr Stanislas Yassukovich, chairman of Merrill Lynch Europe, writes Nick Bunker.

Mr Rousseau will be starting a year-long sabbatical, probably at a UK business school, in the autumn. Merrill Lynch said he would then return to the group late next year

He will remain a vice-president of Merrill Lynch's capital markets operations and a member of its capital markets committee.

Mr Rousseau is in his late 40s and had worked for the group for 20 years before coming to London as deputy chairman and chief operating officer of Merrill Lynch Europe and Middle East. He was previously a senior executive in Merrill's US municipal bonds department.

Observers have seen him as a man imbued with the Merrill Lynch corporate philosophy whose role was partly to bridge any communications gap between New York and London.

Merrill Lynch said in London last night that it has not ruled out further executive changes there but stressed that Mr Rousseau's departure was not part of any planned management shake-up.

Merrill said Mr Rousseau had planned two years ago to take a sabbatical at a business school.

Memorex seeks $250m with unusual issue

By Stephen Fidler, Euromarkets Correspondent

MEMOREX, the international distributor of IBM compatible computer peripherals with headquarters in the Netherlands, is seeking to raise $250m from international banks in an unusual financing to replace junk bond debt.

The bonds were issued when an investor group, including several senior Memorex executives, bought the company from Burroughs of the US (now part of Unisys) late last year for $550m. Memorex has operations in 23 countries.

Memorex hopes to raise the funds over seven years in five currencies: $175m in dollars, $35m in lire, $15m in Belgian francs, $15m in French francs and $10m in Canadian dollars.

Morgan Guaranty is arranging the loan, which carries interest initially at a margin of 1½ percentage points over the appropriate interbank rate. When the company's debt-to-equity ratio falls below 3, the margin drops to 1 percentage point and when below 1, the margin will drop to 1¼ points.

Commitment fees on the credit range from 50 to 25 basis points, and there is a front-end fee of 62.5 basis points for an underwriting of $20m.

Bankers characterised the loan as a high-risk, high-return deal, but said that banks, with sophisticated in-house credit analysis skills, were well placed to assess its value. A limited number of banks with relationships to the borrower are being invited into the transaction.

In another financing for a formerly troubled company, Morgan Guaranty is arranging a $100m Eurocommercial paper programme for Navistar. The company, formerly Iternational Harvester, has returned to profitability in recent quarters from the brink of bankruptcy.

To enhance the credit quality of the programme, the paper will be secured by a lien on the company's receivables, an unusual feature in ECP financings. The other dealer on the programme is Shearson Lehman Brothers, which is arranging a US commercial paper programme for the company.

September start for Paris share options

THE STARTING date for the new Paris share options market has been set for September 10, Reuter reports from Paris.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.82
A/S Eksportfinans 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	8.87
A/S Eksportfinans 7¼ 92	150	[illegible]	[illegible]	[illegible]	0	8.64
Austria 7¼ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	8.57
BP Capital 9¼ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	8.65
British Telecom 7⅞ 96	250	[illegible]	[illegible]	[illegible]	[illegible]	9.30
Campbell Soup 10¾ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	9.17
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	8.75
Canadian Pac. 10¼ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	9.52
CCCE 7⅝ 91	115	[illegible]	96	[illegible]	[illegible]	8.52
CNCA 7¾ 91	150	[illegible]	95	[illegible]	0	8.70
Citicorp 8¼ 95	200	[illegible]	[illegible]	[illegible]	+1	9.48
Credit Lyonnais 9 91	200	[illegible]	[illegible]	0	[illegible]	8.56
Credit National 7⅞ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.48
Credit National 9⅞ 93	250	[illegible]	[illegible]	0	[illegible]	9.55
Credit National 7¼ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.58
Denmark Kingdom 7⅞ 92	500	[illegible]	[illegible]	[illegible]	[illegible]	8.98
Denmark Kingdom 8¼ 91	300	[illegible]	[illegible]	[illegible]	[illegible]	8.76
EEC 7 91	100	95	[illegible]	[illegible]	[illegible]	8.31
EEC 8¼ 96	200	95	[illegible]	[illegible]	[illegible]	8.87
EEC 7¼ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	8.55
EIB 7⅞ 93	150	[illegible]	[illegible]	[illegible]	[illegible]	8.68
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	+1	9.09
Finland 7½ 93	200	96	[illegible]	[illegible]	0	8.73
Ford Motor Cred. 10⅞ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	8.85
Ford Motor Cred. 11¼ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	8.29
Gen. Elec. Cred. 10¼ 00	200	[illegible]	[illegible]	[illegible]	0	9.77
Hoesch 7⅞ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	8.18
Hoesch 7⅞ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	8.75
Hoesch 8¼ 97	150	[illegible]	[illegible]	[illegible]	[illegible]	8.88
Liberty Mutual 8½ 96	150	96	[illegible]	[illegible]	[illegible]	9.13
LTCB of Japan 8 91	100	[illegible]	[illegible]	[illegible]	[illegible]	8.59
LTCB of Japan 8 97	200	93	[illegible]	0	[illegible]	9.09
Mercds.-Benz Cred. 7½ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	8.22
Mitsubishi Fin. 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	9.02
Mutual America 7⅞ 92	100	[illegible]	96	[illegible]	[illegible]	8.78
Norway Kingdom 7¼ 91	500	[illegible]	97	[illegible]	[illegible]	8.29
Pepsico Inc. 7⅞ 93	200	[illegible]	94	[illegible]	[illegible]	8.81
Qantas Airways 10⅞ 95	140	[illegible]	[illegible]	0	[illegible]	9.19
Queensland Govt. 10¼ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	10.23
Ralston Purina 11¼ 95	150	[illegible]	[illegible]	[illegible]	[illegible]	10.08
Saab Scania 9½ 91	125	[illegible]	103	[illegible]	[illegible]	9.55

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/83	472	[illegible]	[illegible]	0	6.72
Minolta Camera 2¼ 94 DM	2/86	1105	[illegible]	[illegible]	[illegible]	64.98
Ashikaga Bank 2⅛ 02	4/87	996	[illegible]	[illegible]	[illegible]	−3.88
Chiba Bank 2⅜ 02	1/87	830	[illegible]	[illegible]	0	2.40
Fuji Bank 2¼ 00	10/85	1623	†289	290	+27	2.34
Fuji Heavy Industries 3 00	8/85	676	[illegible]	129	[illegible]	−2.29
Fujitsu 3 99	5/84	1109	[illegible]	149	−9	−6.22
Gunma Bank 2⅛ 02	4/87	805	[illegible]	[illegible]	[illegible]	−3.62
Mitsubishi Bank 2⅞ 00	8/85	1715	†218	219	−68	−26.42
Mitsubishi Trust 2½ 01	5/86	1608	†269	270	−4	−9.38
Mitsui Trust 2⅞ 01	10/86	1990	140	142	[illegible]	1.29
Murata 3½ 00	7/84	1998	[illegible]	[illegible]	[illegible]	9.68
Nippon Elec. 2⅞ 00	1/85	1295	[illegible]	[illegible]	[illegible]	158.10
Nippon Oil Co. 3 00	5/85	923	†265	266	+5	−2.84
OKI Elec. Ind. 3½ 99	10/84	805	[illegible]	[illegible]	[illegible]	−3.28
Omron Tateisi 2⅞ 02	4/87	1350	[illegible]	[illegible]	[illegible]	−1.96
Sumitomo Bank 2¼ 00	8/85	2142	†274	275	+9	2.53
Toshiba Ceramics 3 00	4/85	1734	[illegible]	[illegible]	[illegible]	9.74
Nippon Oil Co. 2⅛ 92 SFr	3/84	1081	†262	163	+4	−8.90
Yokohama Bank of 2⅞ 01	10/86	1945	[illegible]	[illegible]	[illegible]	4.47

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Sharp fall in MHI profits without motors offshoot

BY YOKO SHIBATA IN TOKYO

MITSUBISHI Heavy Industries (MHI), Japan's leading machinery and shipbuilding group, yesterday reported a steep fall in consolidated sales and profits for the year to March, although the setback was attributed largely to the removal of Mitsubishi Motors (MMC) as a consolidated subsidiary.

MHI's consolidated net profits plunged 58.7 per cent from the previous year to Y27.4bn ($183.8m) on turnover of Y1,794.4bn down 49.2 per cent.

Over the past years, MHI has been selling its holding in MMC gradually in preparation for the listing of the car maker scheduled for the end of 1988. MHI's stake was reduced to 35.5 per cent by the March year-end from 52.9 per cent a year earlier. The exclusion of MMC from its consolidated subsidiaries eliminated sales which reached some Y1,580bn for the previous year.

Sales in the shipbuilding and steel structure division edged up 0.1 per cent to account for 17.5 per cent of turnover. Prime movers fell 14.7 per cent to account for 24.3 per cent of the total while other machinery rose 4.8 per cent for a 17.5 per cent share. Aircraft and specially equipped vehicles were down 13.4 per cent to account for 15.2 per cent of turnover. Chemical plant with a 3.6 per cent share fell by 44 per cent.

Overseas sales tumbled by 70.1 per cent to account for 23.3 per cent of all turnover.

For the current year, MHI forecasts consolidated sales at the previous year's level due to the upward trend of the yen's value. The group sees beneficial effects of the yen's rise on material procurement costs, but it expects a slight drop in net profit because of an absence this time of earnings accrued by selling MMC shares.

Nikon camera group in the red

BY OUR TOKYO STAFF

NIPPON KOGAKU, which makes Nikon brand cameras, tumbled into a consolidated net loss of Y1.72bn ($11.5m) in the year to March, a sharp turnround from the preceding year's net profits of Y2.34bn.

It also reported a group pre-tax loss of Y3.52bn, against pre-tax profits of Y3.17bn. Rising costs were exacerbated by a poorer non-operating balance.

Four of Nikon's 10 subsidiaries reported pre-tax losses—in particular its sales offshoots in the US showed a deficit of Y2bn due mainly to the yen's steep rise against the dollar and intensifying competition. The Nippon Kogaku parent company scored pre-tax profits of more than Y1.1bn.

Consolidated sales declined by 8.9 per cent to Y183.2bn, due to the yen's appreciation and trade friction with the US over semiconductors. The company also makes semiconductor manufacturing equipment such as steppers.

For the current year, Nippon Kogaku sees signs of recovery in the semiconductor market while camera sales are also expected to show an upturn.

The company, which will change its name to Nikon Corporation in April next year, projects a return to the black this year at the consolidated pre-tax levl, on sales of Y195bn which would represent a 6 per cent rise from the latest year.

Riyad Bank hit by loan provisions

By Our Financial Staff

RIYAD BANK, one of Saudi Arabia's two largest banks, has reported a 10.9 per cent decline in net profits to 168.7m riyals ($45m) for the year to February, amid loan loss provisions which grew by 10.7 per cent to SR 418m.

Results at the Jeddah-based bank reflect a year of declining earnings among the kingdom's 11 commercial banks, and increased provisions for bad and doubtful debts. These are expected to continue this year despite moves by the authorities to provide a legal framework for the recovery of non-performing loans.

Riyad Bank is paying an increased dividend totalling SR 90.5m, compared with SR 68.8m;

Bank of Nova Scotia to buy into Philippines bank

BY RICHARD GOURLAY IN MANILA

THE Toronto-based Bank of Nova Scotia (Scotiabank) has agreed in principle to buy 40 per cent of Consolidated Bank and Trust Corporation (Solidbank) of the Philippines, by converting some of its outstanding debt in the country into an equity investment.

The deal is still subject to a final audit of Solidbank which will determine the price to be paid for the family owned bank. Solidbank has a market capitalisation of around US$24m and total assets of some $300m.

Scotiabank will take up its 40 per cent stake, the maximum a foreign company is allowed to own under Philippine law, by buying unissued stock with the proceeds of the debt for equity swap, with the central bank.

The Canadian bank, which has total assets of C$67bn (US$50.4bn), is the third bank after American Express and Bank of Boston to convert its debt in the Philippines into equity in a local bank.

The central bank in Manila has frozen principal payments to foreign creditor banks since the current debt crisis began in 1983. Principal will remain frozen for at least the seven years of a moratorium that was agreed earlier this year with the country's creditor banks.

Last month, Bank of Boston bought 40 per cent of Commercial Bank of Manila following a similar deal between American Express and International Corporate Bank last year.

Sotheby's sells South African unit

By Jim Jones in Johannesburg

SOTHEBY'S, the American-owned auctioneer, has sold its wholly-owned South African arm to its local management for an undisclosed sum.

The South African company has about 90 per cent of the country's fine art auction market and has annual sales of about R10m ($4.86m).

Mr Stephen Welz, the South African managing director who headed the management buy-out team, said the deal was planned in South Africa to pre-empt divestment pressures on the parent in the US. He added that expertise would continue to be provided by Sotheby's London branch.

Norsk Hydro acquires BHP alumina stake

BROKEN HILL Proprietary (BHP) has reached conditional agreement for the sale of its 20 per cent interest in the Worsley Alumina joint venture in Western Australia to Norsk Hydro of Norway, agencies report from Melbourne.

Mr Dick Carter, BHP general manager for non-ferrous metals and business development, said the agreement does not include BHP's stake in the associated Boddington gold mine, which has been transferred to the recently spun off BHP Gold Mines, or its alumina smelting arrangements with Columbia Falls Aluminium in the US.

No price was disclosed, but the bauxite mining and alumina refinery project cost a total of A$1.2bn (US$855.2m) by the time it started operations in 1984. Other partners are Reynolds Metals of the US with 40 per cent, Royal Dutch/Shell with 30 per cent, and the Japanese-owned Kobe Alumina Associates (Australia) with 10 per cent.

Jump at Laser Industries

By Judith Maltz in Tel Aviv

LASER INDUSTRIES, a manufacturer of medical laser systems, has become one of the few Israeli high technology companies to increase its profits and sales significantly in its latest financial year.

The company, shares in which are traded on the American Stock Exchange, has reported a 47 per cent increase in net earnings for the year to March to US$4.5m. Sales, mostly exports to the US, jumped by 27 per cent to $32m.

Mr David Merider, Laser Industries' president, said the marked improvement was attributable to the company's decision to broaden its product range.

More charges in NBB affair

EIGHT new charges have been filed by the Brunei authorities against Mr Khoo Ban Hock, former chairman of National Bank of Brunei (NBB), bringing the total to 15, AP-DJ reports from Singapore.

The new charges are said to include criminal conspiracy to defraud and cheat the bank, its shareholders, depositors and creditors, and to cause false and misleading information to be published in its annual reports.

Mr Khoo is the eldest son of Tan Sri Khoo Teck Puat, a Malaysian financier who held an approximately 70 per cent stake in NBB. The bank was closed last November amid allegations that it had made improper loans.

JAPANESE COMPANY RESULTS

FUJISAWA PHARMACEUTICAL
Antibiotics, digestive agents

Year to	Mar '87 Y	Mar '86 Y
Revenues (bn)	177	174
Pre-tax profits (bn)	18.90	16.86
Net profits (bn)	5.81	4.78
Net per share	22.08	18.29
CONSOLIDATED		

MITSUI REAL ESTATE DEVELOPMENT
Property

Year to	Mar '87 Y	Mar '86 Y
Revenues (bn)	617	528
Pre-tax profits (bn)	46.23	32.87
Net profits (bn)	21.18	19.96
Net per share	31.96	38.10
CONSOLIDATED		

RICOH
Office equipment

Year to	Mar '87 Y	Mar '86 Y
Revenues (bn)	582	594
Pre-tax profits (bn)	25.26	31.15
Net profits (bn)	10.96	15.46
Net per share	24.20	37.42
CONSOLIDATED		

KANEBO
Cosmetics

Year to	Apr '87 Y	Apr '86 Y
Revenues (bn)	362	334
Pre-tax profits (bn)	6.08	8.12
Net profits (bn)	2.76	2.61
Net per share	5.90	6.34
PARENT COMPANY		

NIPPON COLUMBIA
Audio equipment, records

Year to	Mar '87 Y	Mar '86 Y
Revenues (bn)	91	82
Pre-tax profits (bn)	4.47	2.03
Net profits (bn)	1.66	0.46
Net per share	27.06	7.48
CONSOLIDATED		

YAMAHA MOTOR
Motorcycles

11 months to	Mar '87 Y	Mar '86 Y
Revenues (bn)	427	509
Pre-tax profits (bn)	0.35	4.42
Net profits (bn)	9.20	8.13
Net per share	57.07	60.42
CONSOLIDATED		

Granada fails to excite with £46m

BY DAVID WALLER

Granada, the television and leisure group, yesterday failed to excite the market with interim profits in line with brokers' expectations.

Pre-tax profits for the 28 weeks to April 11 were 17 per cent ahead at £45.9m, on turnover up by nearly a quarter to £516m.

Growth in earnings per share rose 15 per cent to 10.64p, restrained by the issue of new shares to pay for Laskys, the High Street electricals chain bought from Ladbroke for £30m last October.

Granada shares, which had risen strongly ahead of the results, fell back 12p yesterday to close at 360p, against 353p at the beginning of last week.

Although overall operating profits increased by £6.6m to 45.8m, margins fell from 9.4 to 8.9 per cent, reflecting the increased proportion of turnover derived from low-margin retail sales following the purchase of Laskys.

Mr Derek Lewis, finance director, said around a quarter of group turnover now comes fom retail sales, as opposed to one-fifth in the same period last year.

The mix of income is likely to change further as Granada proceeds with its plans to double the number of Laskys stores to over 100 in an investment programme costing some £25m.

For the first time at the interim stage, the company gave a divisional breakdown of profits. This showed that profits from renting and selling televisions and video recorders rose 7 per cent to £28m, on turnover up 29 per cent to £270m.

Mr Alex Bernstein, chairman, confirmed that Laskys was "around the break-even point in the first half." As predicted at the time of the takeover, it was not expected to make a significant contribution to group profits until the next financial year.

Profits from TV broadcasting and programme production rose by £1m to £10m on turnover of £116m (£110m). Leisure and consumer services, which include the motorway service-station chain and several theme parks, advanced by £3m to £9m on turnover up £13m to £90m.

Mr Lewis said that expenditure on acquisitions had totalled between £50m and £70m in the first half, including the purchase of Laskys, and of Wells National Video and WNY in the US hospital TV rental market.

Depreciation on rental assets was £55.3m (£56.7m) and on other assets £11.9m (£9.3m). Interest charges increased by £2.08m to £6.52m.

The tax charge was £17.43m (£15.56m) and minority interests were £729,000 (£561,000).

The directors recommended an interim dividend of 3.5p per share, an increase of 15 per cent.

See Lex

AAH on £23m as pharmaceuticals surge

WITH THE pharmaceutical division accounting for nearly 54 per cent of the trading profit, the AAH Holdings group lifted its pre-tax balance from £18.28m to £23m for the year ended March 31 1987.

From a turnover of £1.02bn, compared with £877m, the trading profit advanced to £26.17m, against £22.64m. A further boost came as net interest charges were reduced from £4.36m to £3.18m.

Mr William Pybus, chairman, said the year was a record in all respects and a satisfactory 1987-88 was in prospect.

The merger of the fuel distributing interests with those of Redland and full ownership of the builders' supplies and road transport divisions were expected to have positive effect on current year earnings and the post-election climate should be favourable, he claimed.

Earnings for the past year were up from 17.76p to 23.66p, and the final dividend is 5.76p for a net total of 9p, against 7.8p.

The chairman reported that pharmaceuticals had an outstanding year, benefiting only marginally from acquisition. Sales rose 17 per cent to £626.5m while the trading profit was ahead 28 per cent to £14m. Benefits came from further efficiency improvements in wholesaling.

Ayrton Saunders, a wholesale distributor servicing north west England, was acquired; the Vantage pharmacy franchising project was launched involving the purchase of a 19-shop retail group in the south east; and a joint venture company, AAH Meditel, was formed to introduce an electronic medical data and drug serveillance information service.

In fuel distribution turnover came to £291m (£341m) and profit to £7.11m (£7.82m). Although that was disappointing Mr Pybus pointed out that the saving in interest charges narrowed the pre-tax shortfall.

Substantial progress was achieved by the builders' supplies division, where profits recovered to £2.55m (£1.2m) on sales up 11 per cent to £75.6m. Supamix performed strongly and firm control of builders merchanting operations led to an improved contribution. A satisfactory start had been made to the current year and a number of interesting opportunities were being investigated.

Transport services lifted turnover to £17.4m (£16.9m) and profit to £1.88m (£1.25m). The outstanding first half performance in road haulage was maintained and shipping services made useful progress.

There was a disappointing result from environmental services, with a profit of only £439,000 (£929,000) on turnover of £9.3m (£7.59m).

• comment

Rarely can an acquisition have proved so beneficial as AAH's purchase of Vestric two years ago. AAH paid only £15m for the group and its pharmaceutical supplies division's profits have since increased from £2m to £14m. The group now has around 28 per cent of the pharmaceutical supplies market and the economies of scale are bringing significant margin improvements. But the rest of the group was unexciting, with the fuel distribution arm bogged down in a fairly mature market and the environmental division finding that the privatisation of council services has proved less than a bonanza. The deal with Redland and British Coal which will leave AAH with 25 per cent of the new British Fuels and with full control of the building and transport divisions should both strengthen the balance sheet and increase earnings; pre-tax profits growth, however, will slow down this year with £24.5m the probable outcome. The shares bounced up 15p to 413p yesterday but do not look over-rated on a prospective p/e of 13.

B & H losses reduced but problems continue

BY CLAY HARRIS

Burnett & Hallamshire Holdings yesterday reported a reduced pre-tax loss of £15.46m (£17.04m) for the year to March, but there was no abatement in the troubles facing the coal mining and property group.

Burnett found a glimmer of good news in continuing operations which produced pre-tax profits of £167,000 against a loss of £534,000. Turnover slipped to £100.4m from £101.8m.

The lion's share of exceptional losses of £15.6m (against £16.5m restated from £14.2m) arose from production problems at an opencast UK mine, provisions for a possible closure in Belgium and Burnett's decision to write down the value of its 44.7 per cent stake in Rand London, South African mining group, to a nominal £1.

The £5.7m South African write-down reduced Burnett's net assets to £24.7m, less than half its called-up share capital. This has obliged Burnett to summon an extraordinary general meeting for August 27 to consider what steps to take.

Its main hope of reducing borrowing is completing the liquidation of its Californian property portfolio. Only two of six properties remained, and these should be sold in the current year. The properties, in San Diego and Los Angeles, accounted for £25.7m of total group borrowings of £64.1m, down from £80.1m in March 1986.

Interest charges rose to £5.82m (£5.77m) but a tax credit of £6.1m compared with a charge of £1.86m BuMrnett shares lost 4p to 23p.

Delta in £71m bid for Scholes

By Philip Coggan

Delta Group, the Midlands-based electricals and engineering group, yesterday announced a £71m bid for George H. Scholes, a fully-listed electrical engineering group.

The offer is not agreed but Delta said yesterday that it had had positive discussions with the Scholes chairman.

Delta believes a merged group would be a major competitor in the international electrical safety market. It is already a supplier to industrial and commercial companies via its MEM an dBill Switchgear ranges and Scholes supplies the domestic market via its Wylex range.

Terms of the offer are seven Delta shares for every eight in Scholes plus £22 in cash, with a full cash alternative of £5.50 per Scholes share, compared with last night's closing price of £4.89.

Derwent acquisitions and £18.2m placing

By David Waller

Shares in Derwent Valley Holdings, the property investment group, yesterday rose by over 10 per cent after the company announced an £18.2m share placing and the acquisition of two properties in Central London for £7.88m.

The purchase is to be financed by the issue of 1.31m new shares at 610p, 100p below the price at which the shares closed yesterday after gaining 70p.

The company will more than double its equity capital with the issue of 4.5m new shares which are being placed by Hoare Govett at 610p per share, creating a group with a market capitalisation of £55m.

The two properties acquired yesterday are: Elliot House, a half acre site in Victoria, London SW1, for which the consideration is £6.575m; and the acquisition of a long-leasehold property in Alfred Place, London WC1, for £1.3m. Income from the two properties is estimated to be in excess of £600,000 a year.

DVH said that once the proceeds of the placing had been invested, the company would have a property portfolio some £50m.

Hillsdown to pay £169m cash for Maple Leaf

BY NIKKI TAIT

Hillsdown Holdings, the acquisitive food group, yesterday confirmed details of its $361m (£169m) purchase of Maple Leaf Mills, the Toronto-based food and agriproducts company, from Canadian Pacific—and revealed that it will meet the entire purchase price in cash.

Hillsdown, which currently has gearing levels around 50 per cent, will see these rise to over 100 per cent as a result of the deal. However, Mr Harry Solomon, chairman, said yesterday, "we are confident we can bring these down by all sorts of means."

The company was loathe to go into further detail about the proposed debt reduction, but is aiming at a 12 month time-scale. Mr Solomon cited the placing of Hillsdown's non-disclosable stake in Dalgety last week as a source of some flexibility among its UK interests; at end-1986 it had listed investments of £47.1m. MLM itself takes in a diverse range of interests, which could offer some further scope to recoup funds.

Yesterday, Hillsdown shares moved up 2p to 321p on news of the acquisition — its largest to date.

MLM is being sold by Canadian Pacific, the Montreal-based conglomerate which has been struggling with high debt and severe losses in its steel and industrial groups.

Hillsdown said that competition for MLM had been fierce, and its willingness to take the entire group plus the ability to provide cash had been a significant plus-point. MLM will now operate as an autonomous entity within Hillsdown, under the wing of Mr David Newton, a director currently responsible for the poultry division.

Hillsdown stressed yesterday that it sees MLM as highly complementary to its UK business—operating in many areas of the food business which it knows well. MLM takes in poultry interests, animal feeds, pet foods and rendering—all fields in which Hillsdown is already involved.

However, the bulkiest part of MLM's business is in flour and bakeries ,accounting for over half its 1986 sales of C$828m.

MLM alos includes a grain division with 24 country elevators and four transfor elevators, and which merchandises domestic milling wheat as principal agent for the Canadian Wheat Board and the Ontario Wheat Producers' Board.

MLM reported net earnings after tax and minorities of C$16.3m in 1986, compared with C$16.1m previously, which excluded the loss from the sale of MLM's 50 per cent interest in a vegetable oil business.

Country & New Town on target

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Country and New Town Properties, the development and investment company in which British and Commonwealth Shipping has a 42.55 per cent stake, yesterday announced a fall in pre-tax profits, a rise in an attributable earnings and an increased dividend.

The figures were in line with the company's own predictions, after the promise of a year of consolidation, and the shares were unchanged at 205p.

Pre-tax profits reverted to the expected level of £5.3m for the year to January 31 1987, compared with £7.6m previously when earnings were inflated by the sale of a property in Paris.

At the attributable level, however, they increased to £2.7m from £1.9m. The one-off advantage of the Paris sale in 1985-86 had resulted in an above normal payment to minority interests. Earnings per share rose to 6.1p from 4.3p.

The final dividend is 1.55p, making a total for the year of 2.25p, against 1.9p for 1985-86.

All the company's properties in the UK, France and Canada are fully let. But the recent principle thrust of expansion has been towards the US where Country and New Town now owns 49 per cent of Bay Financial, a property investment and development company.

Mr Gerald Newton, the Country and New Town chairman, has also become chairman of Bay Financial and is instituting a programme to reduce the company's operating costs. Bay's immediate financial prospects are also likely to be transformed by the sale of 50 per cent of a major investment property.

At home, the market is awaiting news of how British and Commonwealth will dispose of its stake, an intention expressed earlier this year. No decisions have yet been made but the two companies are working together on how the shares might be transferred. This could mean that they will be placed with institutions.

Brodian buys stake in Bailey

Brodian, the nominee company which represents the private interests of Mr Guy Cramer and Mr Peter Clowes and which recently acquired a 27 per cent interest in Welsh brewer, Buckley's, has acquired 10m ordinary shares in C. H. Bailey, the controversial ship-repairer and leisure group, for 35p a share. The stake has been bought from Tifa, the Leichenstein-based company controlled by Mr David Mitchell.

However, Tifa retains 2.14m ordinary shares and 1.38m "B," reducing its voting rights from 27 per cent to 25.25 per cent. Broadian gets just 1.8 per cent of the votes.

The purchase follows the sale of a 12 per cent stake in Bristol Channel Ship Repairers by James Ferguson Holdings, the quoted company where Mr Clowes and Mr Cramer are both directors and where Tifa is a shareholder, on Monday. BCSR is 46 per cent owned associate of C. H. Bailey.

UK COMPANY NEWS

Tiphook rights as profits rise 63%

BY JANICE WARMAN

Tiphook, the container and trailer leasing company, reported a 63 per cent boost in pre-tax profits to £4.5m in the year to April 30 after strong performances from its three main divisions.

It also announced a £36m one-for-two rights issue. The proceeds of the rights—the company's second in a year—will again be invested in its trailer, rail wagon and container rental.

Mr Robert Montague, chairman, said the group planned to invest around £100m this year and the same amount next year to expand its existing business. Acquisitions were not part of its strategy, he said.

About £43m would be spent on containers and the same amount on trailers, and £15m on railway wagons.

The group plans to spend about £150,000 on the development of its intermodal rail wagon, on which British Rail has given the go-ahead for tests. This allows the easy transfer of trailer sections from articulated vehicles to the rail wagon without cranes.

Tiphook's container rental division, which is the eighth largest in the world, showed pre-tax profits up from £1.72m to £3.64m. Trailer rental profits rose from £566,000 to £1.58m, and the group plans to start operations in Belgium, Spain and France.

The shift of demand from Europe to the Far East for 20- and 40-ft marine containers resulted in the closure of one of the Adamsons manufacturing division's two factories, along with staff reductions, and an extraordinary charge of £260,000. There was a year-end loss of £567,000, compared with £485,000 profit the previous year. Tiphook has brought in a new management team and introduced a new product range.

Rail wagon rental, which faced start-up costs, incurred a loss of £148,000 on turnover of £10,000.

Turnover rose from £25.3m to £39.4m. After tax of £572,000 (£360,000), earnings per share lifted from 15.6p to 20.6p. A final dividend of 2.87p makes a total of 3.73p.

The rights issue of up to 10.4m shares at 360p per share has been underwritten in full by Kitcat and Aitken and Co.

● comment

There have been a flurry of simultaneous rights and results and so Tiphook's did not come as a complete surprise to the market. The shares, predictably, dropped 23p to 447p, but the overall effect was similar to the group's last rights in September—to reduce its gearing from around 380 per cent to nearer 110 per cent, and of course give it scope for expansion. Container manufacture, with most of its problems behind it, should return to profit next year. Rail wagon rental holds the promise of growing business from the new intermodal wagon, which allows ease of transfer from road to rail. The Channel Tunnel could mean rocketing demand for the system, and along with the steadily improving performance of container rental following the recent shipping market recession, and trailer rental in the fast growing European market, makes the company a good medium term prospect. The City is looking for around £9m next time, which after the rights should see a prospective p/e of around 16; about level with the market at the moment.

Cheshire Wholefoods expands by 24%

Cheshire Wholefoods, the USM-quoted manufacturer and distributor of natural food products lifted its pre-tax profit 24 per cent from £627,000 to £778,000 in the year to March 31 last against an improvement of 20 per cent, from £6.66m to £8m, in turnover.

Mr Ian Thomson, chairman, said 1986-67 was another successful year for the company despite a realignment in the retail sector which delayed certain private label launches. Current trading was encouraging and the recent introduction of the first of a range of coated cereal products, an Apple Muesli, had been well received with deliveries already being made.

Mr Thomson said that during July commissioning would take place of a new plant, costing in excess of £1.2m, to produce a range of natural snacks. Three major retail chains were already committed to take the product as soon as practicable and he was confident that sales in a full year would produce excellent results.

Tax amounted to £223,000 (£189,000) leaving a net profit of £555,000 (£438,000) for earnings of 10.9p (9.4p) per 5p ordinary share.

A final dividend of 2.03p makes a total 4.06p; for the previous period the company made a single payment of 1.54p.

United Trust in merger with chartered surveyors

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

United Trust and Credit, the financial services company, is to merge with Pepper Angliss and Yarwood, the London-based chartered surveyors.

The move is part of a realignment among chartered surveyors. It brings Pepper Angliss into direct contact with the financial sector without the need for a full listing and allows it to draw on financial expertise without losing its own identity.

The total costs of the merger to UTC could go up to £15m, Mr Jonathan Harris, the Pepper Angliss chairman, said yesterday. The sum is elastic because the terms of the merger are related to performance by Pepper Angliss.

The mechanism for making the merger has worked in several stages. Pepper Angliss was a partnership which incorporated. The new company then passed into the formal ownership of a holding company and it is this holding company which is being bought by UTC.

UTC and Pepper Angliss are merging through a share exchange. UTC is acquiring the equity of the holding company and in return is issuing initially 2.29m shares to Pepper Angliss. Of these, 981,819 will be held by the former partners of Pepper Angliss and they have the right to place the balance at 275p a share.

This share issue accounts for about £6.3m of the purchase price. The balance is being satisfied with the issue of convertible preference shares with conversion linked to a profits formula.

On the market yesterday, UTC shares rose after the announcement of the merger and closed 18p higher at 343p.

The end result, Mr Harris said, is that the Pepper Angliss partners will hold up to 20 per cent of the equity in the enlarged group.

The initiative for hte merger came from Pepper Angliss, which saw the merger as a means of securing growth. UTC, although offering financial services has not previously had a property arm.

Neil & Spencer near £2m in the red

Neil & Spencer Holdings, laundry and dry equipment maker, plunged deeply into the red in the year ended November 30, 1986. Problems even more intransigent than anticipated left the company with a pre-tax loss of £1.97m, against a £141,000 profit before.

Very substantial losses were incurred by both the Neil & Spencer offshoot and the US-based Jensen which was acquired in 1985. As a result, Neil & Spencer has been rationalised and Jensen is to be sold. In addition, the company has entered into the sale and leaseback of the Horsham property and the Leatherhead site has been closed and sold.

An extraordinary charge of £2.18m (£141,000) has been made, of which £1.79m related to a provision for discontinuing the manufacture of continuous batch washers and pressers by Neil & Spencer and £382,000 for accelerated depreciation on freehold land and buildings.

Group turnover was £39.32m (£41.51m). Loss per 10p share came to 7.9p (0.2p). There is again no dividend—the last was in 1980.

Mr Christopher Pringle, chairman, said the restructuring of UK operations had been designed to provide the best possible platform for recovery, but he warned that it would have an effect on the current year which would continue to be very difficult.

In view of the need to substantially reduce bank borrowings (proceeds of the May 1986 rights issue were largely absorbed by creditors of Neil and Spencer) Jensen is being sold for £0.6m to Mr Raymond Hersh, a former director of Neil and Spencer Holdings. Amko, acquired with Jensen, will be retained. Jensen, excluding Amko, made a pre-tax loss of £426,000 in the year ended November and its net assets at that date were £672,000.

During the year the group exceeded its borrowing limits and a resolution to ratify the excess incurred and to increase the limits under the Articles of Association will be put to the annual meeting.

Evered sells stake in CI

BY NIKKI TAIT

Evered Holdings, the industrial conglomerate headed by the Abdullah brothers, yesterday announced that it has sold its 20.2 per cent in the CI Group, the West Midlands-based steel and engineering group, for £4.3m via an institutional placing.

The placing was arranged by CI's brokers, County Securities, at 46¾p a share—easily beating both the 43p a share offer from a consortium of Arab investors headed by a third Abdullah brother, Ahmed, and Monday's offer of 45p a share from Mr Swraj Paul's privately-owned Caparo Investments.

Evered, which had decided the stake no longer fitted with its strategy after the £100m acquisition of London and Northern Group, announced last week that it had received the offer from Mr Ahmed Abdullah but gave CI's brokers the chance to place the shares out at a higher price if the company wished.

S&P Return

Net asset value per 50p ordinary share of Save & Prosper Return of Assets Investment Trust rose from 206.5p to 296.5p over the year to May 30 1987.

After tax of £713,340 (£715,345) net revenue worked through at £1.78m against a previous £1.68m.

Per share earnings amounted to 4.17p (4.2p). A second interim dividend of 1.9p makes a total of 3.6p (3.3p), 0.2p higher than was forecast by the trust last December.

Evans of Leeds rises 12%

Evans of Leeds, property investment and development group, improved pre-tax profits by 12 per cent, from £5.03m to £5.62m in the year ended March 31 1987.

With earnings per share ahead from 8.929p to 10.897p the directors are recommending an increased final dividend of 3.125p (2.5p), lifting the total for the year by 0.75p to 4.75p.

Gross rental income totalled £8.9m (£7.73m), from which property expenses took £653,000 (£631,000). Other income contributed £1.02m (£624,000) while expenses and interest took £3.64m (£2.69m).

The total investment property portfolio was now £71.9m, the directors reported, and balance sheet totals exceeded £80m.

The group has been selected by the Yorkshire Water Authority to jointly submit planning application for an £80m development close to the motorway network to the south of Leeds.

Tax amounted to £2.05m (£2.1m), and there were extraordinary credits, relating to the sale of fixed asset investments, of £514,000 (£297,000).

Alexanders down 12%

First-half turnover at **Alexanders Holdings**, Scottish-based Ford main dealer and property investor, rose 7 per cent to £30.6m, but pre-tax profit fell by 12 per cent, from £127,000 to £112,000.

After tax of £34,000 (£44,000), earnings per 10p share came out at 0.183p against 0.196p.

Mr Bertie Loudon, chairman, said trading in the second half was traditionally stronger and he looked for a successful year and a successful future.

Since the half year end (March 31) Alexanders had contracted to purchase a property at Baillieston, Glasgow, for £318,500, to be satisfied by the issue of 1.3m shares subject to shareholders' approval. The property was let to a supermarket and a firm of bookmakers.

Mr Loudon said it was intended to acquire other properties, and the acquisition of other businesses was also under consideration.

During the half year the company relinquished the IVECO Ford Truck dealership in Edinburgh and substantial payments were and are being received for the stock. The chairman made it clear that the withdrawal in no way affected the Ford dealership overall.

For the year ended September 30 1986 the company boosted its profit to £379,000 and took in £630,000 from property sales, for a pre-tax total of £1m. It paid a cash dividend of 0.71p net after several years of scrip issues.

Ryman

Ms Jennifer D'Abo will become a non-executive director of Pentos following its acquisition of Ryman, not a non-executive chairman as reported yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
AAH	5.76	—	4.86	9	7.8
Cheshire Wholefoods‡	2.03	Sept 11	1.54	4.06	1.54
Country & New Town	1.55	Sept 18	1.8	2.25	1.9
Evans of Leeds	3.13	—	2.5	4.75	4
Fletcher King	3	Oct 1	—	3	—
Granada Group ......int	3.5	—	3.04	—	8.52
Habit Precision	0.8	Aug 19	0.7	—	2
North of Scotland	0.25	—	—	0.25	—
Pepe Group‡	2.25	Oct 1	1.8	3.75	3.3
Rexmore	0.76†	Oct 2	0.6	1.2	1
S&P Return	1.9	—	1.73	3.6	3.3
Tiphook	2.87†	—	2.48	4.3	3.73
Whinney Mackay‡	2.8	Sept 4	—	2.8	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

UK COMPANY NEWS

RECEPTION OF MIDLAND BANK'S SCOTTISH SUBSIDIARY SALE

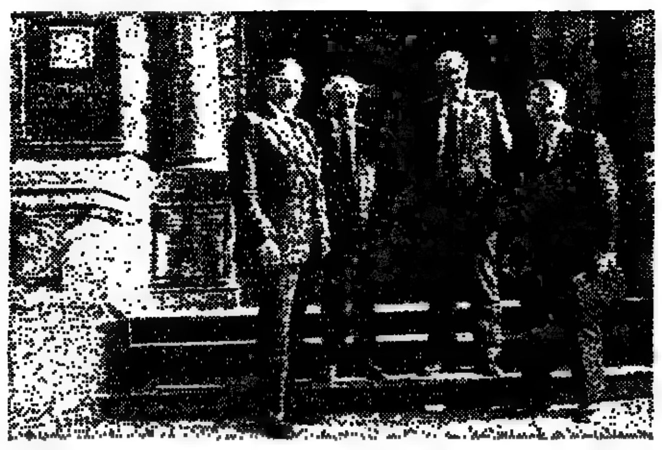
Clydesdale welcomes the break

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE PROPOSED sale of the Clydesdale Bank to National Australia Bank was yesterday warmly received by the bank's management, given a cautious welcome by the staff union and had a mixed reaction from Scottish politicians.

Mr Richard Cole-Hamilton, Clydesdale's chief executive, said that he was "delighted—and that's not overstating it." He sees the Glasgow-based institution becoming "a stand-alone bank," reversing the trend which was taking place towards closer integration with the Midland.

It is widely thought in Scotland that the Clydesdale's ability to compete in the Scottish market—where it is the third largest bank after the Royal Bank of Scotland and the Bank of Scotland—has been hindered by the Midland's centralising tendencies, and by the London bank's difficulties which may have reduced its ability to invest in its subsidiary.



From left to right, Sir Rupert Clarke, chairman of National Australia Bank; Sir Eric Yarrow, Clydesdale chairman; Mr Richard Cole-Hamilton, Clydesdale chief executive and Mr Nobby Clark, National Australia managing director.

Bankers believe that Clydesdale's lending autonomy was considerably circumscribed, and this and the uncertain future of the institution had an effect on morale at the Glasgow-based bank.

Mr Cole-Hamilton said yesterday that the bank did have autonomy in lending "except for the larger facilities" but added: "This could have been changed later. It was quite

Spearhead for assault on UK market

natural that the Midland should go towards closer integration to keep costs down, but it was going to have been difficult," he said. "I was beginning to get nervous about the future of our computer centre." The centre employs about 800 people out of the bank's total payroll of about 8,000.

Now, he said, the Clydesdale would be the spearhead for National Australia Bank's assault on the rest of the UK market and on European markets. For this it would need additional executive strengths, said Mr Cole-Hamilton.

The Banking, Insurance and Finance Union (BIFU) said yesterday that it was cautiously optimistic about the proposed takeover. A spokesman said that he hoped Clydesdale's current programme for closing 25 branches and shedding 350 clerical staff over a two to three year period could now be reversed.

But Mr Cole-Hamilton said that these changes would go ahead. They had originated in the Clydesdale itself, he claimed, and were necessary if the bank was to become more efficient. They involve segmenting the bank's activities between corporate and retail activities and putting some rural branches under the control of senior managers.

Mr Nobby Clark, managing director of National Australia, said yesterday that his bank's skills "may enable us to add some value to the changes that Clydesdale is undertaking now." Once these changes were complete the bank would expand outside Scotland and become "the flagship of our European operations," he said.

Yesterday Mr Malcolm Rifkind, the Scottish secretary, said he "noted with interest" National Australia Bank's intention of giving the Clydsdale more autonomy and using it as a springboard for further expansion.

But Mr Donald Dewar, Labour Scottish affairs spokesman, said that the passing of control to a foreign owner was "a cause for concern." He said that a Scottish consortium, or a management buy-out backed by Scottish financial institutions would have been "infinitely preferable." He

Scotland is considered overbanked

hoped that the Clydesdale would now have greater independence.

The Scottish National Party said that the sale should be referred to the Monopolies and Mergers Commission. "Scots must ask the question: would the third biggest bank in England have been sold off like this, with no public discussion and no commitments given?" said Mr Alex Salmond, the SNP's economic spokesman.

Members of the Scottish financial community yesterday greeted the deal with surprise but mainly positively. The enhanced importance of the Clydesdale would be good for Scotland, they thought. "The Clydesdale was condemned to a lingering death, unable to expand outside Scotland," said one Edinburgh banker yesterday.

Scotland is almost universally considered to be over-banked, with four major banks — Royal Bank of Scotland, Bank of Scotland, Clydesdale and the TSB — competing for a market that is growing relatively slowly. The Clydesdale has 350 branches, virtually all of them in Scotland.

Clydesdale, Mr Cole-Hamilton says, has about 18 per cent of this market and denies that it is declining. The bank had total assets of £2.8bn at the end of 1986, a year in which its profits declined 5.3 per cent to £27.9m.

The bank was formed in 1950 out of an amalgamation of the Glasgow-based Clydesdale with the Aberdeen-based North of Scotland Bank, both of which had become affiliated to the Midland in the early 1920s. This historical background means that the bank lacks a strong representation in Edinburgh, and thus a big share in the deposits of the Scottish *financial services industry*.

The bank's geographical emphasis gives it the Aberdeen offshore oil services industry, badly hit by a recession from which it is now beginning to emerge. The Glasgow area, though reviving, is not an area of great economic strength.

Given that the imperative for the Scottish banks is to expand outside their homeland it may not be surprising that none of them appears to have pursued the Clydesdale. Last December Mr Cole-Hamilton mused publicly on the possibility of the Clydesdale being acquired by TSB Scotland. TSB is said to have considered the idea but never discussed it with the Midland.

Unhappy saga dates back to Crocker

Midland Bank's announcement yesterday of greatly increased bad debt provisions, a rights issue and asset sales is the latest chapter in an unhappy saga which stretches back to its expansion into the US with the purchase of Crocker National Bank:—

1980 July: Midland Bank announces plans to buy 57 per cent of Crocker National Bank in California for $820m as a base for US expansion.

1981 August: The bid is finally approved by US regulatory authorities.

1983 July: Midland has one-for-four rights issue to raise £155m.

1983 December: Crocker reports fourth-quarter losses of $57m because of a $107m provision against problem property and agricultural loans.

1984 January: Midland revokes Crocker management's right to "maximum operational autonomy" and appoints new top executives.

1984 July: Midland announces plan to buy rest of Crocker.

1984 October: Crocker sells its headquarters to raise $358m.

1985 January: Crocker announces 1984 losses of $325m and agrees terms with Midland on the sale of the remaining 43 per cent of equity.

1986 February: Midland sells Crocker to Wells Fargo for $1.1bn.

1986 September: Sir Kit McMahon takes over as chief executive of Midland.

1987 May: Citicorp sets Third World debt provision trend with a $3bn charge.

July 7: Midland announce sale of Scottish and Irish subsidiaries and £700m rights issue to finance £916m provision.

New and exciting future is predicted for Northern Bank

BY OUR BELFAST CORRESPONDENT

SIR DESMOND LORIMER, chairman of the Northern Bank, yesterday predicted a new and exciting future under the ownership of National Australia Bank.

The purchase ends a period of speculation about the future for Northern, a period which Sir Desmond said had been unsettling for both customers and staff.

The bank's management and its major customers were reassured by the attitude taken at a Press conference by Sir Rupert Clarke, the chairman, and Mr Nobby Clark, the managing director of National Australia. There was relief that Northern would be freed from the constraints imposed by membership of a group so heavily exposed to Third World debt.

The Northern, with 110 branches, has more than half of the province's business sector lending. The message from both it and the National Australia Bank was that it would seek further growth and would put more resources behind the struggle to remain on top in a competitive, and relatively small, market.

Sir Rupert said that National Australia had acquired a most successful operation. Since starting discussions with the Midland a little more than a month ago, his team had formed a high opinion of Northern's board and management.

Mr Clark said the local board of management would remain as it was and the head office would stay in Belfast. National Australia would not dictate the direction the Northern should take in the market although it would set "strategy."

Northern's pre-tax profit for 1986 was £19.3m compared to a recovery from difficult days in the early 1980s when bad debt provisions severely hampered its performance. In 1980 the bank suffered a drop from £15m to £1.6m in pre-tax figures and early attempts at recovery were constrained by the poor performance of Ulster industry in the depth of recession.

National Australia is putting strong emphasis on both banks gaining from a mutual sharing of their experience and staff. Although it is likely to use the Clydesdale Bank as the major vehicle for expansion in the UK, it has not ruled out a wider role for the Northern in its plans to acquire a slice of the financial services market.

Northern Ireland also hopes to benefit from hte broader contacts which National Australia will bring. Mr Peter Viggers, the Northern Ireland Industry Minister, said he hoped for new business contacts with Australia and Mr Clark confirmed that Northern Ireland would receive a hearing among its Australian corporate customers seeking to expand into Europe.

New home for Irish offshoot

BY HUGH CARNEGY IN DUBLIN

Northern Bank Ireland had only just completed its first year operating independently in the tricky Irish Republic market when National Australia Bank stepped in.

In July last year, Midland detached Northern's business in the south from the larger northern Ireland operation reasoning that the different economies, different currencies, different regulatory authorities and the very different positions the bank held in the two markets made separation a logical step.

The move to autonomy may have been reflected favourably in the 1986 results of the Belfast-based bank, but it left the bank in the Republic facing a difficult operating environment.

After months of speculation about possible takeovers. senior management said yesterday they were very happy to come under the wing of NAB which they regarded as having a strong record.

NBI ranks fourth out of four among the main clearers in the Republic after Allied Irish Banks, Bank of Ireland and Ulster Bank, a National Westminster subsidiary. It has less than a 10 per cent share of the market, employing about 700 people. Total assets at the end of last year were I£484m (£436m), with net assets of I£41m. Mr Nobby Clark, chief executive of NAB, said the new parent would put in a special team to look at Northern in the republic but the present management would stay in place: "It's in profit and that's difficult to do in one year. It will be quite a challenge for us in this over-banked market but I believe we can do the job."

As for most banks in the depressed Irish economy, for Northern the last few years have been a story of heavy bad debt provisions and resources growth lagging behind cost increases. The "big two," AIB and Bank of Ireland, have increasingly looked to the UK and elsewhere abroad for expansion opportunities.

Northern's business is concentrated in the retail, merchant and hire purchase sectors. A senior spokesman said it intended to develop specialist services in the medium-sized corporate market and "the better end" of the personal market.

While AIB and Bank of Ireland have moved into home loans, competing sharply with the building societies, and other services such as insurance, Northern has been more concerned to consolidate.

It is encouraged by signs of an improving economic climate with big outflows of capital drying up, interest rates falling and rigorous government efforts to cut the burdensome national debt.

Plan to block Utd. News. bid for Extel preference

BY CLAY HARRIS

SEVERAL KEY institutions are aiming to block United Newspapers' offer for the preference shares of Extel Group, the information and communication company which United won last month after a £250m takeover battle.

They are determined to defend the current consensus that preference offers be based on exit yields of 6½ per cent. This would imply a 220p price for Extel's shares, against United's 165p offer for a 8.72 per cent exit yield.

United yesterday thwarted their hopes of an increased offer for the 858,000 £1 preference shares. After receiving acceptances for only 44.4 per cent, the newspaper and magazine publisher declared the terms final and warned that the offer would lapse unless sufficient acceptances were received by July 24. Ninety per cent approval would be needed to flush out any minority.

If the offer lapses, United would be obliged to continue to pay the 10.5 per cent interest on all the shares and publish a separate annual report for them. However, this would not otherwise affect its takeover of Extel.

London & Manchester Assurance, with 10 per cent of the issue, and Equity & Law, with 3 per cent, both confirmed their intention not to accept the offer. Others which have not yet accepted are Sun Life, Monument Insurance and Glyn Mills Nominees.

United said yesterday that its cash offer represented a substantial premium over the market price of 123p on April 29, the day before the offer was announced, and would allow reinvestment at a higher yield in the gilt market. The shares were last traded at 150p on June 9.

HoF adviser revealed

Arthur Young, the chartered accountant, revealed yesterday that it was the unnamed firm which advised House of Fraser, the stores group, in drawing up its critical analysis of Lonrho's company accounts.

House of Fraser has sent a letter to the Stock Exchange complaining about various accounting practices in Lonrho's 1986 figures and alleges that these give a misleading impression of the earnings and underlying trading performance of the group.

Arthur Young said it had been engaged by House of Fraser early this year to review Lonrho's accounts. "Throughout the engagement our role has been that of advisers, analysing the financial information published by Lonrho and identifying issues where we felt that further clarification could reasonably be requested."

● Lonhro will tomorrow begin the formal process of seeking a listing on the Tokyo stockmarket for 20m new shares estimated to be worth approximately £50m. Dealing in the shares will begin on Thursday July 23.

Whinney tops forecast

Whinney Mackay-Lewis, the architectural practice which joined the USM in October, has beaten its profits and dividend forecasts.

For the year ended April 30 1987, including eight months trading as a limited company, pro forma pre-tax profits advanced to £1.08m, compared with £800,000 forecast and with £512,000 for 1985-86.

The extra profit, said the chairman Mr Jeremy Mackay-Lewis, was a measure of the general increase in architectural activity of which the group had secured a larger share.

He said the group's business had grown five-fold in the last decade and that looked set to continue. There was scope for growth by extending work into hotels, restaurants, retailing and public sector buildings.

New development work acounted for 41 per cent of the total business, while 59 per cent was refurbishment or fitting out.

Earnings for 1986-87 came to 16.32p and the dividend is to be 2.8p, compared with 2.5p forecast.

Reliance Security

Reliance Security Group, the manned security services company which joined the USM in March, yesterday turned in 1986-87 pre-tax profits up from £944,000 to £1.55m, in line with the £1.5m forecast in the prospectus.

Turnover for the year to April 5 rose from £18.64m to £23.94m, against a projected £23m.

Earnings per 5p share were 11.4p (4.5p). There is no dividend—payments not less than 4.5p are forecast for the current year.

Pilkington

Mr Antony Pilkington, chairman of Pilkington Brothers, the glass manufacturer, said in the annual report that the group's profits, barring adverse currency fluctuations, would show a further improvement.

The group plans to change its name to Pilkington and to subdivide its £1 ordinary shares into two new 50p shares and then make a one-for-two capitalisation issue.

Mr Pilkington's pay rose last year to £177,000 (£114,000).

UK COMPANY NEWS

Pepe shows 40% profit growth to near £6m

BY ALICE RAWSTHORN

Pepe Group, the USM quoted casual wear company, yesterday unveiled a 40 per cent increase in pre-tax profits to £5.9m, after a buoyant year in every area of activity, on sales which rose by 61 per cent to £50.2m.

The group designs and distributes jeans and casualwear, which are sourced from subcontractors in the Far East, under the Pepe and Hard Care brand names. Last year it introduced Big Stuff, a new range of jeans, and in April it completed the acquision of Buffalo, the French casualwear distributor.

In the UK Pepe benefited from fertile demand for denim jeans throughout the year to March 31 1987. In the first half it was forced to fly in extra supplies of conventional jeans from the Far East to meet the demand nurtured by the Levi advertising campaign.

"Snowwash" jeans — with a marbled look—dominated the jeans market in the early months of 1987. Pepe spent a month developing its own Snowwash designs. This process incurred additional costs and imposed slight pressure on margins in the UK. Snowwash sales have already begun to fade and Pepe is now introducing a new range of "darker, bluer" jeans.

Overseas, the US subsidiary sported continued growth and now provides 18 per cent of sales. Pepe is now considering whether to accelerate its expansion in the US by opening new showrooms and to expand further by acquisition.

A new Australian subsidiary began trading in the second half and is trading profitably. The group plans to open another overseas subsidiary in the present year, probably in West Germany.

Pepe's earnings per share rose to 15.9p (10.4p) and the board proposes to pay a final dividend of 2.25p making 3.75p (3.3p) for the full year.

● comment

When Pepe first surfaced on the USM two years ago it met with a distinctly damp response. The company has since confounded its critics with a stream of impressive results. The cost of developing its own "Snow wash" jeans may have taken its toll on margins, but the experience demonstrates just how swiftly Pepe can respond to changing trends. Whether its new style of jeans will prove as successful and whether it can respond as swiftly to the next trend remains to be seen. But Pepe is gaining ground overseas and, on the surface at least, there is lots of scope for growth at Buffalo. With projected profits of £7.5m, Pepe sports a prospective p/e of 14 on yesterday's share price of 295p. On fundamentals the rating is undemanding but the shares will inevitably be restricted by the City's suspicions of the vagaries of the fashion industry.

Fletcher King 10% above forecast as profits reach £1.3m

Fletcher King, the chartered surveyors and commercial estate agents, yesterday announced a pre-tax profit of £1.27m for the year to April 30 1987 representing an increase of 77 per cent over the £717,000 equivalent profits of the Fletcher King partnership for the previous year and some 10 per cent ahead of the November 1986 prospectus forecast.

Mr David Fletcher, chairman, said that the current year had started satisfactorily, with a high level of instructions in hand in all departments. He reported that the benefits of the integration of the Peter Hunter business, acquired in May but which had made no contribution to this year's results, were already becoming apparent.

Another important development during the year was the association formed with Grubb & Ellis, the leading US realtors. Mr Fletcher said the association would enable Fletcher King and Grubb & Ellis to work together on a complementary basis in the development, management and marketing of real estate

Turnover last year rose from £2.42m to £3.4m and tax took £460,000 (£307,000) leaving a net profit of £810,000 (£410,000) for earnings of 12.6p (6.7p). The results of Fletcher King for the period to April 30 1987, excluding the results of the Fletcher King partnership, revealed turnover of £1.85m. The pre-tax profit was £740,000, taxation £265,000 and attributable profits of £475,000.

A first and final dividend of of 3p, as forecast, has been recommended.

Henderson ahead

Shareholders of the Henderson Group were told at the annual general meeting that sales for the first three trading periods were ahead of the corresponding period last year and that the trend had continued through the fourth period.

Orders in security were recovering to a much more acceptable level.

Rexmore prediction beaten with £0.83m

Rexmore, supplier and distributor of fabrics, has comfortably exceeded its profits forecast made in March at the time of the share issue. Pre-tax profits were £831,000 for the year ended March 28 1987 compared with the forecast of not less than £750,000 and £601,000 for 1985-86.

Turnover figures for the first quarter of the present trading year were substantially ahead of the figures for the same period last year, directors said.

Turnover increased by 19.3 per cent to £37m last year (£31.02m) but the operating profit was only marginally higher at £1.36m (£1.29m). The improvement at the pre-tax level, however, was after a sharp reduction in interest payable which was down from £770,000 to £544,000 due to the consideration of £1.75m net received from the sale of shares in the Berisford Group

Tax took £185,000 (£137,000) and minorities £44,000 (£31,000). Extraordinary items, which referred to losses on discontinued businesses amounted to £211,000 (£293,000). Earnings per share on a net basis were 4.71p (3.09p) and 4.52p (n/a) fully diluted.

The proposed final dividend is 0.76p making a total of 1.2p (1p) per 25p share.

PRUDENTIAL Corporation's subsidiary, Prudential Property Services, is acquiring four new estate agency offices. It is buying the Willesden Green office of Langfords in north London and the residential sales offices of Moy and Philpot at Norbury, Streatham and Brixton.

Raine pays Burns £6m for shopfitting offshoot

BY CLAY HARRIS

Raine Industries has wasted no time in finding a home for the £6m-plus profit on the sale of its stake in Tilbury Group.

The contractor and housebuilder agreed yesterday to buy Lycett and Platt, the shopfitter, interior and electrical contractor and desk maker, from Burns-Anderson, the Manchester-based company which is shedding its non-financial interests.

Lycett achieved pre-tax profits of £538,000 before central charges on sales of £8.4m in the year to last September. It had net assets of £938,000.

Raine is already involved in shopfitting through Gibson Lea, which it bought in May as part of the Ford and Weston Group.

It will pay £6m in cash for Lycett. Burns-Anderson expects to net another £400,000 from the repayment of inter-group debt less management charges for the current year.

Burns-Anderson also plans to sell its motor dealerships and steel reinforcement activities as it builds a diversified financial services group around University Medical and General, the financial planning consultant founded by Mr Alan Moore, its chief executive.

Raine shares added 4p to 164p, while Burns-Anderson lost 1p to 223p.

Habit Precision 17% up and confident on outlook

Mr James Mayne, chairman of Habit Precision Engineering, yesterday reported a 17 per cent increase in first-half pre-tax profits and said he was confident that trading at the current level would continue.

He told shareholders that there were encouraging signs for the second six months. Demand for the group's diamond products remained strong and all related businesses were doing well.

The chairman said Elgin Diamond Products (Europe), the recent acquisition, had been integrated and was making a considerable contribution. He added that exporting continued to be an area of growth.

For the six months to March 31 group turnover improved from £5.72m to £6.99m and profits from £485,000 to £568,000 pre-tax after deducting interest charges of £151,000 against a previous £12,000.

Earnings worked through at 3.54p (2.9p) and the interim dividend is lifted from 0.7p to 0.8p. The engineering companies performed well. Walton Jigs and Tools and Doric Unit (Springs) had an excellent opening half and activity at Bryant Symons was increasing following relocation to more suitable premises.

Mr Mayne said discussions were under way to increase capacity significantly at Crosby Disks. Customer demand now far exceeded the company's production capacity.

For 1985-86 the group returned pre-tax profits of £1.06m (£642,000) and paid a final dividend of 1.3p.

Yearlings

The interest rate for this week's issue of local authority bonds is 9½ per cent, down ¼ of a percentage point from last week, and compares with 9⅞ per cent a year ago. The bonds are issued at par and are redeemable on July 13 1988. A full list of issues will be published in tomorrow's edition.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: M & G Dual Trust, Microsystems, Southern Business.

Finals: Asprey, Birmingham Mint, Bristol Evening Post, British Building and Engineering Appliances, Cambridge Instruments, First Security, Lewmar, Northamber, Wagon Industrial, Wintrust.

FUTURE DATES

Interims—

Abbey Panels Investments	July 22
Bensons Crisps	July 21
Jacobs (John I.)	July 30
St Andrew Trust	July 14

Finals—

Atlantic Assets Trust	July 16
Independent Investment	July 16
MS International	July 15
Quest	July 13
Redivs	July 28
Tinsley (Eliza)	July 14
West Industries	July 9
Wyko	July 15
Zygal Dynamics	July 13

Public Works Loan Board rates

Effective July 1

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	9[illegible]	—	—	10[illegible]
Over 1 up to 2	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10
Over 2 up to 3	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10
Over 3 up to 4	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10
Over 4 up to 5	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10
Over 5 up to 6	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]
Over 6 up to 7	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]
Over 7 up to 8	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]
Over 8 up to 9	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	10
Over 9 up to 10	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	10
Over 10 up to 15	9[illegible]	9[illegible]	9[illegible]	9[illegible]	10	9[illegible]
Over 15 up to 25	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]
Over 25	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]	9[illegible]

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMMODITIES AND AGRICULTURE

The lure of Caribbean gold

BY CANUTE JAMES IN KINGSTON

THE ISLANDS of the eastern Caribbean, which have no proven mineral deposits, are attracting the attention of mining companies following indications that some of them could contain significant deposits of commercially-exploitable gold.

Interest in the islands, particularly those to the north of the archipelago, has been increasing because they have geological features and structures similar to those of gold-producing islands around the Pacific rim. The promise of a strike has led one company, Canyon Resources of Denver, Colorado, to look closely at the region.

"We have been exploring in the Caribbean basin and conducting field examinations and assessment in several islands of the lesser Antilles," said Mr Richard de Voto, preldent of Canyon Resources.

Mr de Voto said he could not name the islands in which his company was interested, that the examination was at an "early stage" and that no drilling had begun.

It appears, however, that the interest of Canyon Resources could be focused on the French islands of Gaudeloupe and Martinique, and English-speaking St Lucia and Dominica (not to be confused with the Dominican Republic, which is already one of the region's largest producers).

Officials of the prefecture in Guadeloupe said such economic matters would be handledo directly from Paris (the island is politically a part of France) and a government official in St Lucia, while not denying foreign interest in gold exploration, refused to comment, claiming "a need for caution in such important economic matters."

A find of commercially-exploitable gold in the region would open up a second major new development in gold mining in the Caribbean. The Government of Haiti is planning to allow the start of commercial exploitation next year of a deposit discovered three years ago in the north of the country.

The deposit, located near the town of Grand Bois, is said by the country's Bureau of Mines and Energy to be spread over 18 acres, and to be about 20 metres thick. The bureau has put the possible value of the deposit at US$160m.

Since it does not have enough money to exploit the find on its own, the Haitian Government is seeking foreign partners for joint ventures. The bureau says that there has already been a show of interest from Coca Mines and Amax of the US, as well as from Gedsa, a local company.

The deposit belongs to the Government, but the bureau says it will not allow exploitation to begin until after February next year, when the interim military-civilian administration is scheduled to be replaced by an elected government after elections in November.

The presence of the deposit in Haiti is not surprising, as the country shares the island of Hispanola with the Dominican Republic. But Dominican hopes of expanding production in the 1990s have been set back by a government decision not to pursue plans for a major recovery project. Output has slipped from 11.5 tonnes in 1980 to 9.1 tonnes last year, according to Consolidated Gold Fields' annual review.

A year ago the Government had asked the Inter-American Development Bank for a US$280m loan to support a $440m project to work about 60m tonnes of gold bearing sulphite ores at Montenegro, part

of the country's major gold and silver mining undertaking operated by the State-owned Rosario Dominicano.

Mining was scheduled to begin next year, with prospects of the country earning US$40m a year from exports from the project.

Although former President Salvado Jorge Blaco had said the Montenegro project was the most important for the country's gold industry, it has been halted by his succesor, Mr Joaquin Balaguer, who took office 10 months ago. The President said the cost of the project, and the fact that the administration would have to find about US$160m, could not be supported by the country's weak economy. Mr Balaguer said the development would also have an adverse impact on the economy.

The cancellation of the project promises early problems for the country's gold industry. At current rates of recovery, the oxide ores which are being mined are expected to last only another three years. Dominican gold output is expected to continue to fall, which has seen output of 407,800 ounces in 1981 decline steadily to 331,916 ounces in 1985 and to 290,426 ounces last year.

There are also hopes of an increase in output in Guyana, the region's other producer. Placer development of Vancouver is exploring an abandoned mine, owned by Golden Star Resources, another Canadian company, and preliminary estimates suggest could yield 200,000 ozs a year.

Guyana's declared output rose by 3,717 ozs last year to 14,040 ozs, but that still represented only a fraction of actual output, estimated at about 50,000 tonnes. The rest is smuggled out of the country.

Government officials say the increase in declared output was the result of a decision of the state-run Gold Board to double the price paid to miners.

In an effort to encourage foreign investment in gold mining to reach a target of 200,000 ozs per year, the Government has implemented a new investment code which no longer insists on equity participation by the state in foreign investments in the industry.

Prospective investors have been told that exploration licences will be issued for three years, and that mining concessions will be granted for up to 20 years.

Brazil cuts coffee export prices

THE BRAZILIAN Coffee Institute has announced a cut of $12 per 60kg bag in official coffee export prices for June shipment, reports Reuter from Brasilia.

The reduction, taken as a form of rebate, was recommended by the National Coffee Policy Council and approved by Mr Jose Hugo Castelo Branco, the Trade and Industry Minister.

The institute said the adjustment would be given in the form of IBC "avisos" or credit notes, after the exporter had proved, by July 31, that he had enough volume to cover pending shipments and that the coffee was to be shipped by August 30.

● A report that the US could accept a formula that would give Brazil an unchanged coffee export quota has been welcomed by the institute an official said.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,350 (same).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 2.95-3.10 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 1.55-1.60 (same), sticks 1.55-1.60 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.50-6.70 (6.55-6.75).

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 235-245 (245-255).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.60-2.65 (2.65-2.72).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.40-5.60 (5.50-6.10).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO, cif 48-55 (same).

VANADIUM: European free market, min 98 per cent V O, other sources, $ per lb V O, cif, 2.62-2.68 (same).

URANIUM: Nuexco exchange value, $ per lb U O, 17.00 (same).

Judge refuses tin case delay

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH Court judge yesterday refused to postpone an application later this month to strike out a claim by Maclaine Watson, a London Metal Exchange trader, that the UK government is liable to pay the £6m Maclaine is owed by the insolvent International Tin Council.

The Department of Trade and Industry had argued that the issues in the case were substantially the same as in that involving another LME trader, J. H. Rayner (Mincing Lane), whose claim was ordered to be struck out last month.

Legal costs and court time would be saved if the Maclaine case, fixed for July 20, were deferred until Rayner's appeal had been ruled on, the DTI suggested.

Alternatively, the department argued, Maclaine should agree to its claim being struck out and then go to the Appeal Court with Rayner. In the Rayner hearing, in which legal arguments common to all the direct action by ITC creditors against the UK, the European Community and the other 22 ITC member states were deployed, Mr Justice Staughton ruled that the members could not be held liable for the ITC's debts.

Rejecting the DTI's suggestions, Mr Justice Millett said that there was no reason why Maclaine, which had an unsatisfied judgment, should stand on the sidelines while other parties argued the matter.

Maclaine recognised that it would have a difficult task persuading him that Mr Justice Staughton had been wrong but it had the right to try to do so. Also Maclaine said it had arguments that had not been put forward in the Rayner hearing, Mr Justice Millett said.

Forestry drive at Royal Show

BY BRIDGET BLOOM

EXPANSION of Britain's woods and forests, which is planned as part of the drive to take agricultural land out of production, must be handled with great care so as not to disturb existing balances within the landscape and natural habitat, Mr Gwyn Francis, director general of the Forestry Commission, warned yesterday.

Mr Francis, who was speaking at the Royal Agricultural Show in Warwickshire, noted that the new policies would inevitably be a force for change in the countryside.

While Britain's forest area had greatly increased since the war, and nearly £800m had been invested in modernising or creating new timber industries in the past five years, today only 10 per cent of Britain's land surface was forest, against some 25 per cent in other major European countries.

Farmers might be reluctant to plant more trees, which for them were a new and difficult crop. But provided planting, which now had to involve more deciduous trees, was handled senitively, timber could provide in time an important new sources of income. Mr Francis noted that timber was one of the few commodities not in surplus in either the UK or Europe.

The Forestry Commission stand at the show this year has been designed to highlight timber growing as an alternative use for good quality agricultural land. This theme has been much in evidence at the show.

It was emphasised by Mr John MacGregor when he opened the show on Monday with a tough speech detailing the need to reform the agricultural policy of the EC, which in turn inevitably meant taking land out of production and finding alternative uses for it.

The theme was underlined again yesterday when the Princess Royal opened the new permanent headquarters at the show site of the Farming and Conservative Centre whose exhibition has been jointly sponsored by the Ministry of Agriculture and the Department of the Environment's quangos, the Countryside Commission and the Nature Conservancy Council. The exhibition has been one of the best visited at the show both by farmers and general public.

More than 20 other stands also emphasised the theme, ranging from ICI's plant protection and conservation area to the most popular of the "alternative livestock" pens where llama, quanaco and alpaca grazed contentedly. The animals are now being reared on a small scale in Britain for breeding (the best specimens fetching over £4,000) as well as for their high-priced fibre.

London sugar trading sharply higher

BY DAVID BLACKWELL

TRADING IN raw sugar at the London Futures and Options Exchange, formerly the London Commodity Exchange, increased by 16.8 per cent in the first half of this year.

This bodes well for the exchange's plans to revive its white sugar futures contract, using its first automated trading system, in a few weeks' time. The exchange hpes to win back white sugar business from Paris, which attracts up to 70 per cent of its trade from London.

The raw sugar contract traded 413,784 lots in the first six months of this year, against 354,155 lots in the first half of 1986. In June, however, the number of lots traded was down 23 per cent at 46,849 lots, against 63,446 last year.

In contrast, trading in cocoa for June, when the International Cocoa Organisation's buffer stock manager took 75,000 tonnes off the market as prices fell, soared by 58.6 per cent to 106,967 lots, although over the half-year trading was 7.5 per cent down.

Trading in coffee was sharply down for both the first half and June — falling 33.2 per cent and 34.2 per cent respectively. In 1986 speculative interest generated by the previous year's Brazilian drought drove London coffee trading volumes to record levels.

The market is now depressed by the large amounts of coffee available around the world, speculative interest is negligible and roasters and buyers can pick and choose when to buy, say traders.

'Dirty deal' allows fake milk bans to continue

BY TIM DICKSON IN BRUSSELS

THE LONG-standing French and West German bans on fake dairy products will be allowed to continue for at least another two years, thanks to a political deal revealed for the first time in Brussels yesterday.

Member states unanimously endorsed the proposal during the closing stages of last week's successful farm price negotiations, despite clear indications that the prohibition is contrary to Community law.

The two-year derogation from the scope of a new directive was firmly opposed by the European Commission and particularly irritated Lord Cockfield, the British commissioner responsible for the internal market, who sees the decision as a setback to the Community's efforts to dismantle trade barriers in Europe by 1992. Another Community official described it as a "dirty deal."

Many observers believe it also calls into question the independence of the European Court of Justice in Luxembourg, which has persistently bowed to nationalist pressures in recent months to delay the final judgment of a crucial test case aimed at overturning the bans.

This was brought against France by the Commission in 1984 following complaints by a Dutch trader and is based on Article 30 of the Treaty of Rome, which supports the free movement of goods.

The Commission believes that it is improper to ban products which are legal, healthy and safe, provided they are appropriately labelled. Its views were upheld in an opinion delivered by Sir Gordon Slynn, the Advocate General in March 1986 and while this is not binding on the court it would on past precedent almost certainly be reflected in the final judgment.

Over the past 15 months, however, Paris and Bonn have successfully intervened to ensure that the Court's final verdict has not been delivered.

The French argument is that milk is more healthy than substitutes like coffee creamer and cream toppings.

Last week's political agreement will allow France and West Germany to continue their ban until the current milk quota regime runs out in 1989.

Given the Commission's refusal to sanction the Franco/German arrangement, the agreement of all the Farm Ministers was required under the Community's voting rules. Britain had previously argued vehemently against the prohibition but Mr John Gummer, the Junior Agriculture Minister, had signalled a change of heart.

Commission officials believe that generous concessions to Britain in the final package on the questions of salted butter and quota leases may have influenced the outcome.

LONDON MARKETS

NEWS THAT Brazil had lowered its coffee export prices pushed futures values to 4½-year lows on the London robusta market yesterday. The downward move began overnight in New York, where South American arabica type coffee is traded, and was followed through at London's opening session. Some buying emerged in London, prompting a modest rally, but the market ended the day on the defensive, with the September position £35.50 down at £1,210.50 a tonne. On the London Metal Exchange the copper market ended its run of five successive daily gains under the weight of profit-taking and "stale bull liquidation." The cash Grade A position, which had risen nearly £65 in the space of a week, closed £12 lower at £1,041 a tonne, while the three months price lost £7 to £1,027.25 a tonne. Dealers attributed the widening of the cash premium to renewed "borrowing" (buying cash and selling forward), reflecting continuing concern about nearby supply tightness, especially in the US. News that labour talks had broken down at Cominco's Trail and Kimberley production facilities in British Columbia lifted zinc prices early on but most of the gain was lost later as the market moved lower in sympathy with copper. Cash high grade zinc closed only £1 higher at £540 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1612-13	+34.5	1620

Official closing (am): Cash —— (——), three months 1,620-5 (1,595-7), settlement —— (——). Final Kerb close: 1,610-15. Ring Turnover: 2,800 tonnes.

99.5% purity	£ per tonne		
Cash	995-7	+17.5	—
3 months	958.5-9	+2.25	950/932

Official closing (am): Cash 1,002-3 (987-8), three months 947-8 (929-30), settlement 1,003 (988). Final Kerb close: 940-1. Ring Turnover: 16,100 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	1040-2	—12	1047/1046
3 months	1027-27.5	—7	1050/1027

Official closing (am): Cash 1,045-6 (1,064-5), three months 1,040-1 (1,042-4), settlement 1,046 (1,065). Final Kerb close: 1,026-7.

Standard			
Cash	1027-30	—17.5	—
3 months	1011-13	—12.5	—

Official closing (am): Cash 1,040-5 (1,053-6), three months 1,024-6 (1,033-6), settlement 1,045 (1,056). US Producer prices: 78.5-83 cents a pound. Total Ring Turnover: 59,025 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	430-1	—0.5	431
3 months	415-5.5	+0.5	424/412

Official closing (am): Cash 431-2 (438-9), three months 416-17 (418-19), settlement 432 (439). Final Kerb close: 414-15. Ring Turnover: 14,975 tonnes. US Spot: 39-40 cents a pound.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	2800-5	+1.6	2835
3 months	285-30	—7	2860/2820

Official closing (am): Cash 2,835-40 (2,805-15), three months 2,855-60 (2,840-5), settlement 2,840 (2,815). Final Kerb close: 2,810-20. Ring Turnover: 1,794 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	539-41	+1	—
3 months	526-7	+2	534/524

Official closing (am): Cash 543-4 (644-5), three months 529-30 (528-9), settlement 544 (645). Final Kerb close: 524-5. Ring Turnover: 9,550 tonnes. US Prime Western: 47.5-48.5 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.47 (16.49) ringgit per kg. Down 0.02.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

		Calls Sept.	Calls Nov.	Puts Sept.	Puts Nov.
Aluminium 99.5%	1,575	—	—	25	34½
	1,550	40	56	47	100½
	1,575	29½	39	—	—
Copper (Grade A)	1,650	72	90	56	92
	1,675	60	77	68½	105
	1,700	49	66	83	120
	£/tonne				
Copper (Grade A)	1,025	—	—	26½	40
	1,050	20	28	39½	53
	1,075	12	20	—	—

Estimates.

GOLD

GOLD BULLION (fine ounce)	July 7	
Close	$443¾-443¼	(£273¼-273½)
Opening	$445½-446	(£275-275½)
M'n'g fix	$444.50	(£274.432)
Aft'n'n fix	$444.50	(£274.264)
Day's high	$446-446½	—
Day's low	$442-442½	—

GOLD AND PLATINUM COINS		
Am Eagle	$455-460	(£281¼-283¾)
Mapleleaf	$459-461	(£282½-284¼)
Kr'g'r'nd	$442-445	(£272½-274¼)
½ Krug	$233-234	(£143¾-144¼)
¼ Krug	$117-118	(£72¼-72¾)
Angel	$456½-459½	(£281½-283¼)
1/10 Angel	$44-49	(£27¼-30¼)
New Sov.	$104½-105½	(£64½-65)
Old Sov.	$104½-105	(£64½-65¼)
Noble Plat	$574-584	(£354-360¼)

INDICES

REUTERS

July 6	July 3	M'th ago	Year ago
1645.6	1640.6	—	—

(Base: September 18 1931=100)

DOW JONES

Dow Jones	July 2	July 1	M'th ago	Year ago
Spot	128.49	127.04	—	124.88
Fut	126.08	125.46	—	112.87

(Base: December 31 1974=100)

MAIN PRICE CHANGES

	July 7 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1700/720	+60	$1565/585
Copper			
Cash Grade A	£1041	—12	£946.5
3 months	£1027.25	—7	£926.5
Gold Troy oz	$445		$452
Lead Cash	£430.5	—0.5	£387
3 months	£413.25	+0.5	£363.95
Nickel			
Free Mkt	208/226c	+2	198/218c
Palladium oz	$140.50	—0.25	$140.25
Platinum oz	$558.75	+6.75	$574.25
Quicksilver†	$235/245		$260/270
Silver troy oz	460.85p	+12.70	469.25p
3 months	471.30p	+15.95	479.55p
Tin			
Free Mkt	£4680/118	—30	£4180/180
Tungsten	$56.21		$58.16
Wolfram 22.04lb	$48/55		$48/55
Zinc	£540	+1	£519.5
3 months	£525.5	+2	£514.5
producers	$850		$830
OILS			
Coconut (Phil)	$500w		$425
Palm Malayan	$335v		$340
Seeds			
Copra (Phil)	$325y		$280
Soyabean (U.S.)	$[illegible]		$155
GRAINS			
Barley Fut. Nov.	£99.80	—4.95	£97.90
Maize	‡		£150.50
Wheat Fut. Sept.	£99.50	+0.30	£99.90
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1324.5	—6.0	£1230.5
Coffee Ft. Sept	£1210.5	—35.5	£1341
Cotton A Ind.*	81.45c	+0.05	78.90c
Gas Oil Aug.	$162.75		$154.25
Rubber (kilo)	69.50p	—0.50	64.25p
Sugar (raw)	$172.40	+0.60	$168.4
Wooltops 64s	477p kilo		468p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v July. z July-Aug. x Aug-Sept. y Aug. w Oct-Nov.

SILVER

Silver was fixed 13.7p an ounce higher for spot delivery in the London bullion market yesterday at 460.85p. US cent equivalents of the fixing levels were: Spot 747c, up 25.75c; three-month 759.9c, up 27.25c; six-month 773.65c, up 28c; and 12-month 801.2c, up 28.95c. The metal opened at 465½-467p (754-756c) and closed at 466½-468p (740-742c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	460.85p	+13.7	729.5c	+3.0
3 months	471.30p	+15.9	742.0c	+3.5
6 months	481.80p	+14.8	—	—
12 months	508.50p	+14.7	—	—

LME—Turnover: 3 (nil) lots of 10,000 ounces.

Final Kerb close: 740-5c.

COFFEE

After a very weak close in New York, London Robusta broke down from its recently established range, reports Drexel Burnham Lambert. Opening some £30 lower the market found support with renewed trade interest and price fixation. Market values made a slight recovery but found no significant follow-through as overhead trade hedging from renewed origin offering pushed the market down to close at the day's low.

COFFEE	Yesterday close	+ or —	Business done
July	1178-1179	—37.0	1188-1169
Sept.	1210-1211	—35.5	1234-1210
Nov.	1233-1237	—34.0	1248-1235
Jan	1250-1251	—32.5	1270-1250
Mar.	1286-1287	—34.0	1295-1285
May	1308-1315	—34.5	1315-1306
July	1330-1350	—35.0	—

Sales: 6,058 (2,002) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for July: Comp. daily 1979 94.30 (——); 15-day average 98.16 (——).

COCOA

Initially unchanged futures surged ahead in the early afternoon on commission house and trade buying, but profit-taking near the close saw values ease to the lows of an active day, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1355-1364	—1.5	1370-1358
Sept.	1324-1325	—6.0	1340-1320
Dec.	1342-1344	—8.5	1358-1341
March	1360-1361	—7.0	1378-1357
May	1377-1378	—5.5	1389-1378
July	1393-1396	—6.5	1405-1395
Sept.	1408-1410	—5.5	1415-1409

Sales: 5,978 (4,368) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for July 6: 1,851.94 (1,841.54); 10-day average for July 7: 1,824.65 (1,815.56).

FREIGHT FUTURES

Rumours of a bid of $14.25 for Gulf/Japan fueled a good rally on the futures today, reports Clarkson Wolff. Higher prices were sustained all day in good two-way trading before profit-taking saw levels back-off slightly prior to the close.

	Close	High/Low	Prev.
Dry Cargo July 6			
July	912/914	915/908	908/904
Oct.	995/1005	1020/995	1000/1005
Jan.	1005/10	1010/1005	995/1005
Apr.	1020/30	1010/—	1000/1010
July	—	—	930/950
Oct.	—	—	—
Jan.	—	—	—
April	—	—	—
BFI	911	—	893

Turnover: 330 (735).

GRAINS

Old crop wheat again retreated on further speculation of French import news, while new crops steadied on merchant profit-taking, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	119.00	—2.50	—	—
Sep.	99.50	+0.30	96.15	—0.10
Nov.	101.70	+0.35	99.20	—0.05
Jan.	104.45	+0.25	102.20	—0.05
Mar.	106.95	+0.25	104.40	—0.05
May	109.55	+0.25	106.65	—0.05
July	111.70	+0.25	—	—

9.00, Sept 99.50-9.15, Nov 101.70-1.35, Jan 104.45 only, March 106.95 only, May 109.55-9.50, July untraded. Sales: 80 lots of 100 tonnes. Barley: Sept 96.20 only, Nov 99.20 only, Jan 102.10 only, March 104.40 only, May untraded. Sales: 8 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices: Feed Barley: S. East 100.90; W. Midlands 102.50; N. West 104.70. The UK monetary coefficient for the week beginning Monday July 13 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

US MARKETS

CRUDE OIL FUTURES remain well supported by trade buying despite a slight easing of prices today on light local selling and mixed profit-taking, reports Drexel Burnham Lambert. The stronger US dollar tended to add to the energy markets' weakness and had a similar effect on the precious metals. In gold and silver, long liquidation by the trade, commission houses and olcals kept the markets under pressure in light volume, while local selling depressed platinum. However, trade support was noted around the lows in the precious metals. Copper was also weak but, again, good trade support was noted. Sugar eased on commission house selling despite trade buying in coca, continued concerns over west African crops prompted speculative buying despite reports of good origin offerings, coffee closed marginally higher as the market consolidated with short-covering and profit-taking. Cotton eased on commission house selling despite tradet scale-down buying, and orange juices fell on commission house selling, but trade support was noted. The meat market were quiet, but easier. Cattle fell as cash prices stalled, hogs and pork bellies eased on lack of follow-through buying. Wheat showed early strength, but fell back on professional selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
July	73.80	71.80	73.60	73.20
August	71.80	71.80	—	—
Sept	73.80	71.75	73.80	72.25
Dec	72.80	70.95	—	—
Jan	72.80	70.95	—	—
Feb	—	—	—	—
March	72.80	70.95	—	—
April	—	—	—	—
May	72.80	70.95	—	—
July	72.80	70.95	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	20.01	20.17	20.00	19.90
Sept	20.39	20.39	20.70	20.25
Dec	20.36	20.40	20.54	20.29
March	20.55	20.52	20.75	20.47
May	20.74	20.72	—	—
July	20.93	21.00	21.05	20.90
Sept	21.18	21.23	21.28	21.09
Dec	21.44	21.52	21.45	21.45

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	99.71	100.17	101.00	99.00
Sept	10.57	99.90	101.50	99.75
Dec	103.35	102.57	104.15	102.35
March	105.79	105.21	105.50	105.00
May	107.18	108.00	108.05	107.00
July	108.50	110.00	110.30	108.50
Sept	111.02	111.51	—	—
Dec	113.27	114.00	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
July	76.15	75.80	76.20	73.70
August	75.75	75.35	—	—
Sept	75.15	74.85	75.25	72.70
Dec	74.15	74.05	74.20	71.55
Jan	73.85	73.80	—	—
March	73.25	73.20	73.20	71.80
May	72.85	72.75	72.25	72.00
July	72.70	72.55	72.00	72.00
Sept	72.80	72.45	—	—
Dec	72.75	72.50	72.45	72.00

COTTON 5,000 lb, cents/lb

	Latest	Prev	High	Low
July	77.05	76.75	77.00	76.60
Oct	72.85	72.73	72.85	71.95
Dec	71.81	71.60	71.85	70.95
March	72.20	72.35	72.20	71.40
May	72.00	72.50	72.40	72.00
July	72.80	72.73	72.80	72.80

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
August	20.81	20.93	21.05	20.79
Sept	20.40	20.60	20.56	20.36
Oct	20.22	20.32	20.35	20.20
Nov	20.15	20.24	20.28	20.13
Dec	20.12	20.15	20.17	20.10
Jan	20.07	20.13	20.12	20.06

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
August	54.0	54.27	54.45	53.75
Sept	54.60	54.81	54.95	54.40
Oct	55.40	55.57	55.60	55.20
Nov	56.25	56.30	56.35	56.00
Dec	57.00	57.05	57.15	56.70
Jan	—	—	—	—
Feb	—	—	—	—
March	55.70	56.00	55.80	55.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	131.75	132.20	132.20	131.50
Sept	126.05	126.70	126.90	126.00
Nov	122.10	122.25	122.50	121.60
Jan	120.45	120.45	120.45	120.25
March	120.55	120.85	120.65	120.65
May	120.65	120.80	—	—
July	120.65	120.60	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
July	443.8	448.0	446.0	443.0
August	446.1	450.3	448.2	442.5
Sept	448.6	452.8	—	—
Oct	451.2	455.4	453.5	449.0
Dec	456.4	460.6	458.5	452.7
Feb	461.6	466.0	463.1	458.8
April	467.1	471.3	468.2	466.0
May	—	—	—	—
June	—	447.8	—	—
August	478.3	482.5	478.0	477.7
Sept	472.6	—	474.3	470.0
Oct	484.2	488.4	484.5	484.5
Dec	490.3	494.5	490.5	489.0
Feb	496.5	500.7	497.0	497.0

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	558.7	562.2	560.5	557.4
August	—	561.6	—	—
Sept	—	—	—	—
Oct	564.0	567.7	567.5	560.5
Jan	571.1	575.2	574.0	567.0
Feb	—	—	—	—
April	578.0	582.2	578.5	578.5
July	585.0	589.7	586.5	586.5
Oct	592.0	596.7	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
July	747.5	757.0	751.0	731.0
August	750.7	760.2	—	—
Sept	756.0	765.5	762.0	737.0
Dec	770.4	780.2	777.0	751.0
Jan	775.1	785.0	780.0	778.0
March	785.1	795.2	787.0	770.0
April	—	—	—	—
May	796.4	805.6	789.0	781.0
July	806.9	816.1	—	—
Sept	816.4	825.6	—	—
Dec	—	—	—	—
Jan	838.7	848.9	—	—
April	—	—	—	—
May	861.9	872.1	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	6.80	6.80	6.94	6.80
Oct	6.95	6.98	7.18	6.91
Jan	7.15	7.17	—	—
March	7.36	7.40	7.59	7.32
May	7.52	7.59	7.71	7.53
July	7.66	7.71	7.80	7.70
Oct	7.90	7.98	8.02	7.91

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	62.62	63.85	64.17	63.42
Oct	62.37	62.15	62.50	62.02
Dec	63.82	63.50	63.85	63.40
Feb	64.55	64.22	64.62	64.27
April	65.17	65.05	65.20	64.95
June	64.55	64.50	64.65	64.50
August	63.85	63.60	63.95	63.80

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
July	60.92	60.57	61.10	60.05
August	56.17	56.10	56.60	55.42
Oct	47.17	47.12	47.47	46.92
Dec	47.10	46.95	47.25	46.67
Feb	45.27	45.20	45.45	45.00
April	42.20	42.10	42.30	41.95
June	43.15	43.55	43.85	43.00
July	47.45	43.55	43.45	42.90
August	41.72	41.45	41.80	41.05

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
July	174.6	172.4	176.0	172.6
Sept	179.2	177.4	180.6	177.4
Dec	183.2	183.2	185.0	181.6
March	191.0	191.2	192.6	189.6
May	195.4	196.0	197.0	194.2
July	196.4	197.0	198.2	196.0
Sept	194.4	195.0	—	—

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	78.95	79.77	79.00	77.75
August	75.82	74.95	75.95	74.10
Feb	62.05	61.45	62.17	61.20
March	61.95	61.20	61.95	61.00
May	61.85	61.20	62.00	61.70

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	549.6	541.4	552.0	542.4
August	550.0	544.6	552.2	544.6
Sept	547.4	543.6	549.0	541.4
Nov	550.4	548.4	553.0	544.0
Jan	559.0	557.6	561.0	553.4
March	568.0	566.0	569.4	563.0
May	575.0	573.0	577.0	570.4
July	5700	574.0	578.2	576.0
August	571.0	569.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	173.4	171.5	173.8	171.5
August	169.4	167.3	169.0	167.5
Sept	167.2	165.5	167.7	165.5
Oct	165.6	163.7	166.0	164.0
Dec	166.1	164.7	166.7	164.0
Jan	167.5	166.0	167.5	166.5
March	168.9	169.0	170.0	168.0
May	169.0	168.5	169.0	169.0
July	169.0	167.5	169.0	170.0
August	169.0	167.7	169.0	170.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	18.57	18.75	18.60	18.56
August	17.03	16.91	17.09	16.76
Sept	17.22	17.10	17.25	16.90
Oct	17.43	17.28	17.45	17.14
Dec	17.69	17.57	17.78	17.43
Jan	17.82	17.70	17.85	17.68
March	18.14	18.02	18.15	17.98
May	18.35	18.24	18.40	18.20
July	18.64	18.50	18.65	18.45

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	265.4	268.6	271.0	265.2
Sept	272.4	275.2	277.4	272.0
Dec	282.2	285.0	287.0	280.8
March	285.0	287.0	289.0	282.4
May	278.0	279.4	282.0	276.0
July	256.0	257.4	257.2	255.0

SPOT PRICES—Handy and Harman silver bullion 734.00 (732.50) cents per troy ounce. New York tin 306.00-310.00 (307.00-311.00) cents per pound.

POTATOES

The Dutch market spurred London on to higher levels again today. Futures opened £3.60 up at £150.00 basis April and stop-loss buying added another £39.00 on to values before sellers emerged in enough force to contain the rally. With levels some £22-23 up on two days ago, a shake-out was inevitable. Holland fell a nervous two guilders over lunch and this plus profit-taking saw falls of £7.00 registered on London during hectic afternoons trade. Close only slightly down on day, record volume of £3,047, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	102.50	103.00	107.0-101.0
Feb.	114.00	112.50	116.50
Apr.	145.50	146.40	153.0-145.0
May	158.50	159.00	164.0-161.0

Sales: 3,047 (1,380) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.48-17.58*	+0.025
Brent Blend	19.45-19.55	+0.025
W.T.I. (1pm est)	20.80-20.85*	—0.025
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	192-195	—
Gas Oil	161-163	—
Heavy fuel Oil	108-110	+1.0
Naphtha	172-174	+1.5

* August.

Petroleum Argus estimates

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
August	150.5-151.0	+0.55	—
October	150.0-150.5	+2.50	—
Dec	129.5-150.0	+2.05	150.0-129.2
Feb	151.2-151.8	+1.15	—
April	150.5-153.0	+0.58	—
June	129.5-151.0	—0.25	—
August	129.0-152.0	+0.50	—

Sales: 227 (70) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $172.40 (£106.60), up $0.60 (down £0.20) a tonne for July-August delivery. White sugar $182.80, up $1.60.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	152.6-153.4	152.6-153.0	155.0-152.4
Oct.	156.4-156.6	158.0-158.4	160.6-155.6
Dec.	162.4-165.4	160.0-161.0	—
Mar.	165.8-166.8	165.2-165.8	168.4-167.8
May	168.4-168.8	168.4-169.2	—
Aug.	174.0-175.4	172.0-178.2	—
Oct	174.6-176.4	175.0-175.6	—

Sales: 2,375 (1,103) lots of 50 tonnes.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 6: Daily price 6.51 (same); 15-day average 6.50 (same).

PARIS—(FFr per tonne): Aug 1120-1124; Oct 1153-1155; Dec 1180-1185; March 1221-1230; May 1253-1255; Aug 1285-1305.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	162.75	+1.25	165.50-162.0
Aug	162.75		164.50-162.2
Sept	164.00	+0.25	161.25-164.2
Oct	167.00		168.75-167.0
Nov	169.00		171.25-169.0

Turnover: 5,003 (2,310) lots of 100 tonnes.

JUTE

JUTE—July/August, c and F Dundee: BTC $530; BWC $520; BTD $450; BWD $440. c and f Antwerp: BTC $490; BWC $480; BWD $410; BTD $420.

RUBBER

PHYSICALS — The London market opened slightly easier, met some selling throughout the day, closing on an easy note, reports Lewis and Peat. Closing prices buyers): Spot 69.50p (70.00p). Aug 68.50p (69.00p). Sept 68.25p (68.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 260 (261); and for SMR 20 223.5 (223).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 97.42p per kg lw (+0.49); GB—Sheep 203.47p per kg est dcw (+33.21); GB—Pigs 72.78p per kg lw (—1.75).

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR showed little overall change in rather lacklusre trading yesterday. There were no new factors on the economic front while further revelations from the Iran arms scandal hearing failed to make any impact.

At the start of the day there had been concern that testimony by Colonel Oliver North would shake the credibility of the US administration, more specifically of President Reagan. However North's claim not to have told the President about money transfers from the sale of arms appeared to leave the market nonplussed.

The possibility of any lasting damage to the dollar was limited and speculators were already becoming a little wary of attracting the attention of central banks Despite assertions by Mr Kiichi Miyazawa, Japan's finance minister, that the Bank of Japan had no intention of intervening in currency markets at the moment, there appeared to be little appetite to push the dollar much further because the economic climate in the US had not really changed.

Many traders were resigned to watching the dollar remain in a relatively narrow range until the release of US trade figures next Wednesday.

The dollar touched a high of DM 1.8415 before closing at DM 1.8395 little changed from Monday's close of DM 1.8400. It was higher against the yen at Y149.70 from Y149.10 but failed to test the Y150 level. Elsewhere it finished at SFr 1.5345 from SFr 1.5325 and FFr 6.1275 unchanged from Monday. On Bank of Engand figures, the dollar's exchange rate index finished at 103.0 from 103.1.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. June average 1.6289. Exchange rate index 73.0 against 73.1 at the opening and 72.8 on Monday. The six months ago figure was 68.9.

Sterling held on to its opening gains as further encouraging economic data helped to improve sentiment. Speculators were still cautious about the pound's vulnerability but latest projections on the possibility of a lower UK PSBR helped to improve demand. Once again however there was a reluctance to push the pound too near the DM 3.0 level for fear of intervention by the Bank of England.

The pound closed at $1.62 from $1.6195 and was unchanged against the D-Mark at DM 2.98. Against the yen it rose to Y242.50 from Y241.50. Elsewhere it finished at SFr 2.4850 from SFr 2.4825 and FFr 9.9275 against FFr 9.9225.

D-MARK—Trading range against the dollar in 1987 is 1.8895 to 1.7690. June average 1.8186. Exchange rate index 146.7 against 145.6 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8380 down from DM 1.8419 on Monday. Trading was subdued and the market showed little direction in the absence of any news to affect sentiment. Light profit-taking accounted for some of the decline and although the dollar's short-term outlook remained bullish, speculators were wary of pushing the dollar too firm and attracting central bank intervention.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. June average 144.52. Exchange rate index 214.2 against 209.6 six months ago.

Continued demand pushed the dollar firmer in Tokyo to a closing level of Y149.45 up from Y148.90 in New York and Y149.25 in Tokyo on Monday. Traders were looking for an assault on the Y150 level although some were more cautious because there were fears that central banks may try to stem the dollar's rise.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0694	+1.44	+0.79	±1.5344
Danish Krone	7.85212	7.87040	+0.23	−0.42	±1.6404
German D-Mark	2.05853	2.07678	+0.89	+0.24	±1.0981
French Franc	6.90403	6.91901	+0.22	−0.43	±1.3674
Dutch Guilder	2.31943	2.33812	+0.81	+0.16	±1.5012
Irish Punt	0.768411	0.775239	+0.89	+0.24	±1.6684
Italian Lira	1483.58	1503.63	+1.35	+1.25	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 7	Close	Previous Close
£ Spot	1.6200-1.6210	1.6230-1.6240
1 month	0.32-0.31 pm	0.34-0.32 pm
3 months	0.85-0.82 pm	0.89-0.87 pm
12 months	2.67-2.57 pm	2.85-2.75 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	July 7	Previous
8.30 am	73.1	72.6
9.00 am	73.1	72.7
10.00 am	73.1	72.7
11.00 am	73.0	72.7
Noon	73.0	72.7
1.00 pm	73.0	72.7
2.00 pm	73.1	72.7
3.00 pm	73.0	72.8
4.00 pm	73.0	72.8

CURRENCY RATES

July 7	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.789468	0.696616
U.S. Dollar	5.5	1.27207	1.12991
Canadian $	7.90	1.68944	1.49623
Austrian Sch.	4	16.4695	14.6018
Belgian Franc	7¾	48.5965	43.0694
Danish Krone	7	8.90322	7.87040
Deutsche Mark	3.0	2.34303	2.07678
Neth. Guilder	4½	N/A	2.33812
French Franc	9½	7.80638	6.91901
Italian Lira	11.5	1695.80	1503.63
Japanese Yen	2½	190.174	168.696
Norway Krone	8	8.56866	7.59131
Spanish Peseta	—	161.935	143.275
Swedish Krona	7½	8.16033	7.23256
Swiss Franc	3.5	1.95195	1.73108
Greek Drach.	20½	175.937	156.041
Irish Punt	—	N/A	0.775239

*All SDR rates for July 6

CURRENCY MOVEMENTS

July 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.0	−20.5
U.S. Dollar	103.0	−4.3
Canadian Dollar	78.7	−9.9
Austrian Schilling	137.7	+10.2
Belgian Franc	100.0	−4.6
Danish Krone	92.2	+2.5
Deutsche Mark	146.7	+21.5
Swiss Franc	171.6	+21.8
Guilder	134.8	+14.3
French Franc	71.6	−12.8
Lira	47.1	−18.4
Yen	214.2	+69.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

July 7	£	$
Argentina	2.9330-2.9415	1.8110-1.8180
Australia	2.3020-2.3050	1.4190-1.4200
Brazil	70.9315-71.3175	43.7850-44.0040
Finland	7.2060-7.2185	4.4530-4.4550
Greece	222.25-226.10	137.00-139.30
Hong Kong	12.6395-12.6555	7.8080-7.8090
Iran	116.80*	72.00*
Korea (Sth)	1306.55-1318.95	805.10-811.70
Kuwait	0.45830-0.45910	0.28300-0.28330
Luxembourg	61.75-61.85	38.10-38.20
Malaysia	4.1025-4.1130	2.5345-2.5360
Mexico	2196.70-2220.95	1356.00-1370.00
N. Zealand	2.7345-2.7395	1.6865-1.6885
Saudi Ar.	6.0725-6.0780	3.7495-3.7505
Singapore	3.4330-3.4400	2.1220-2.1230
S. Af. (Cm)	3.3075-3.3290	2.0450-2.0490
S. Af. (Fn)	5.4900-5.6890	3.3900-3.5090
Taiwan	50.30-50.55	31.00-31.10
U.A.E.	5.9475-5.9530	3.6725-3.6735

*Selling rate

POUND SPOT—FORWARD AGAINST THE POUND

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6180-1.6225	1.6195-1.6205	0.33-0.30c pm	2.33	0.88-0.83 pm	2.11
Canada	2.1439-2.1544	2.1440-2.1450	0.13-0.04c pm	0.48	0.38-0.25 pm	0.59
Netherlands	3.34¼-3.36½	3.35-3.36	1¼-1c pm	4.02	3¼-3 pm	3.73
Belgium	61.58-61.88	61.75-61.85	18-11c pm	2.82	42-36 pm	2.49
Denmark	11.27¾-11.32¼	11.28¾-11.29¾	½-1 ore dis	−0.80	2⅞-3⅝ dis	−0.97
Ireland	1.1095-1.1150	1.1120-1.1130	0.02-0.11p dis	−0.70	0.07-0.31 dis	−0.68
W. Germany	2.96¼-2.98¼	2.97½-2.98½	1½-1⅜pf pm	5.79	4-3⅞ pm	5.29
Portugal	231.98-233.15	232.15-233.15	67-134c dis	−5.18	299-383 dis	−5.86
Spain	205.44-206.31	205.55-205.85	87-137c dis	−6.53	273-340 dis	−5.96
Italy	2149¾-2161¾	2156½-2157½	Par-3 lire dis	−2.82	2-9 dis	−1.02
Norway	10.87½-10.91½	10.87¾-10.88¾	4⅞-5⅞ ore dis	−5.58	14⅛-14⅞ dis	−5.38
France	9.89¾-9.94¼	9.92¾-9.93¾	1¼-¾c pm	1.21	2⅜-1⅞ pm	0.86
Sweden	10.36¾-10.40½	10.37½-10.38½	½-¼ ore pm	0.36	½-par pm	0.10
Japan	241-243¼	242-243	1¼-1⅛ y pm	5.88	3⅝-3 pm	5.05
Austria	20.92-20.99	20.93-20.96	9⅞-8⅞ gro pm	5.08	25⅞-23¼ pm	4.74
Switzerland	2.47¼-2.49¼	2.48-2.49	1⅛-1⅛ c pm	5.73	3⅞-3⅛ pm	5.23

Belgian rate is for convertible francs. Financial franc 62.05-62.15. Six-month forward dollar 1.52-1.47 c pm. 12-month 2.65-2.55c pm.

Correction for July 6, US close, 1.6190-1.6200. W. Germany Day's Spread 2.96½-2.98½; Close 2.97½-2.98½. France Day's Spread 9.87½-9.95¾; Close 9.91¾-9.92¾.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6180-1.6225	1.6195-1.6205	0.33-0.30c pm	2.33	0.88-0.83 pm	2.11
Ireland†	1.4550-1.4597	1.4550-1.4560	0.38-0.32c pm	2.92	1.05-0.85 pm	2.61
Canada	1.3225-1.3261	1.3230-1.3240	0.19-0.22c dis	−1.86	0.49-0.52 dis	−1.53
Netherlands	2.0660-2.0730	2.0700-2.0710	0.30-0.27c pm	1.65	0.90-0.86 pm	1.70
Belgium	38.06-38.20	38.10-38.20	3pm-par	0.47	7-2 pm	0.47
Denmark	6.95¼-6.98¼	6.96¾-6.97¼	1.10-1.80ore dis	−2.50	3.90-4.60 dis	−2.44
W. Germany	1.8345-1.8415	1.8390-1.8400	0.53-0.50pf pm	3.36	1.52-1.47pm	3.25
Portugal	143¼-143¾	143½-143¾	80-120c dis	−8.36	265-315 dis	−8.08
Spain	126.53-127.00	126.75-126.85	80-130c dis	−9.94	225-300 dis	−8.28
Italy	1328-1333	1330¼-1331¼	3.00-4.00lire dis	−3.16	9.00-12.00dis	−3.16
Norway	6.70½-6.72¾	6.71½-6.72	4.00-4.50ore dis	−7.59	12.20-12.70dis	−7.41
France	6.11½-6.13¾	6.12½-6.13	0.53-0.68c dis	−1.19	1.75-2.05 dis	−1.24
Sweden	6.38¾-6.41¾	6.40½-6.41	0.95-1.25ore dis	−2.06	3.00-3.40 dis	−2.00
Japan	148.95-149.80	149.65-149.75	0.43-0.40y pm	3.34	1.15-1.10 pm	3.01
Austria	12.90¼-12.93	12.92-12.92¼	3.40-3.00gro pm	2.97	9.25-8.25pm	2.71
Switzerland	1.5290-1.5350	1.5340-1.5350	0.47-0.42c pm	3.48	1.24-1.19 pm	3.17

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.20-38.30

Correction for July 6, Denmark day's spread 6.98-7.02¼

EURO-CURRENCY INTEREST RATES

July 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8¾-9	8⅞-9	9⅛-9¼	9¼-9⅜	9¼-9⅜	9⅜-9½
U.S. Dollar	6⅝-6¾	6⅝-6¾	6⅝-6¾	6⅞-7⅛	7⅛-7¼	7⅜-7½
Can. Dollar	8⅛-8⅜	8⅛-8⅜	8-8¼	8⅜-8⅝	8⅝-8⅞	8⅞-9⅛
D. Guilder	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅜-5½	5⅜-5½	5⅝-5¾
Sw. Franc	2⅛-2⅜	1⅞-2⅛	3⅛-3¼	3⅞-3⅝	3⅞-3⅝	3⅞-4
Deutschmark	3⅛-3¼	3⅛-3¼	3⅛-3¼	3⅝-3¾	3⅞-4	3⅞-4⅛
Fr. Franc	7⅛-7⅜	7⅛-7⅜	7⅝-7⅞	8-8⅛	8⅛-8⅜	8⅞-8⅞
Italian Lira	9-11	9⅞-9⅞	9½-10	9⅞-10⅛	10⅛-10½	10⅛-10⅞
B. Fr. (Fin.)	6⅜-6⅝	6⅜-6⅝	6⅞-6⅞	6⅞-6⅞	6⅞-6⅞	7-7⅛
B. Fr. (Con.)	6⅛-6⅜	6⅛-6⅜	6⅜-6⅝	6⅝-6⅞	6⅞-7	6⅞-7⅛
Yen	3⅛-3¼	3⅛-3⅜	3⅝-3⅞	4⅛-4⅜	4⅛-4⅜	4⅛-4⅞
D. Krone	9½-9¾	9½-9¾	9½-9¾	9⅞-10	9⅞-10⅛	10-10⅛
Asian $Sing.	3-3⅛	N/A	3⅞-4	4⅛-4⅜	4⅛-4⅜	4⅜-4⅝

Long-term Eurodollars: Two years 7⅞-8⅛ per cent; three years 8⅛-8⅜ per cent; four years 8⅛-8⅞ per cent; five years 8⅜-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.620	2.980	242.5	9.928	2.485	3.355	2157	2.145	61.80
$	0.617	1.	1.840	149.7	6.128	1.535	2.071	1332	1.324	38.15
DM	0.336	0.544	1.	81.38	3.331	0.834	1.126	723.8	0.720	20.74
YEN	4.124	6.680	12.29	1000.	40.94	10.25	13.84	8895.	8.843	254.8
F Fr.	1.007	1.632	3.002	244.3	10.	2.503	3.380	2173.	2.160	62.25
S Fr.	0.402	0.652	1.199	97.59	3.995	1.	1.350	868.0	0.863	24.87
H Fl.	0.298	0.483	0.886	72.28	2.959	0.741	1.	642.9	0.639	18.42
Lira	0.464	0.751	1.382	112.4	4.602	1.152	1.555	1000.	0.994	28.65
C $	0.466	0.755	1.390	113.1	4.629	1.159	1.564	1006.	1.	28.82
B Fr.	1.618	2.622	4.822	392.4	16.06	4.021	5.429	3490.	3.470	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Oils enliven dull trading

OIL PRICES and fears that the US May trade deficit will be disappointingly high were the main factors in quiet trading on the London International Financial Futures Exchange yesterday.

September long term gilt futures opened firmer at 123-23, on the early strength of sterling and reported buying by Japanese investors. There was no follow through however, and dealers suggested Japanese investment houses are generally being very cautious, not buying on any large scale, but waiting to see whether the pound's recent improvement is maintained.

A large local trader was reported to be a seller in the morning, taking the contract down to 123-05, but following short covering by the same trader it recovered to 123-20.

September gilt futures touched a peak of 123-28 as US crude oil futures rose to $21.02 a barrel, but then fell back as oil futures eased, closing unchanged on the day at 123-15.

Three-month sterling deposit futures also opened firm, at 90.86 for September delivery, encouraged by the stronger pound, but after touching 90.90, failed to maintain the upward trend, falling back to finish at the day's low of 90.80.

US Treasury bonds reacted in the opposite way to gilt futures to news about oil prices, opening weak on Liffe at 93-16 for September delivery and falling to a low of 92-06 as oil price futures rose. The easing of oils to $20.76 a barrel brought September bonds up to a peak of 92-23, before the contract closed at 92-20, compared with 92-24 previously.

Dealers reported rumours that Friday's US producer prices index may point towards rising inflation, but the main concern was the May US trade figures, expected on July 15, amid forecasts that the deficit could be as high as $14.5bn.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
116	7.35	7.60	0.05	0.40
118	5.45	6.22	0.15	1.02
120	3.62	4.60	0.32	1.40
122	2.34	3.46	1.04	2.26
124	1.29	2.47	1.63	3.27
126	0.49	1.59	3.19	4.39
128	0.23	1.19	4.57	6.63
130	0.11	0.55	6.45	7.35

Estimated volume total, Calls 3,001 Puts 270
Previous day's open int: Calls 26,062 Puts 17,019

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	8.42	8.08	0.02	0.28
86	6.46	6.30	0.06	0.50
88	4.57	4.63	0.17	1.19
90	3.19	3.46	0.43	2.02
92	2.01	2.40	1.25	2.60
94	0.63	1.51	2.23	4.07
96	0.28	1.12	3.52	5.32
98	0.11	0.48	5.35	7.04

Estimated volume total, Calls 400 Puts 0
Previous day's open int: Calls 1,543 Puts 618

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last July	Calls-Last Aug.	Puts-Last July	Puts-Last Aug.
22750	14.10	15.31	16.62	—
23000	11.73	13.31	14.79	21.57
23250	9.47	11.44	13.07	19.90
23500	7.38	9.72	11.47	18.32
23750	5.53	8.15	10.00	16.81
24000	3.95	6.75	8.65	15.39
24250	2.69	5.51	7.43	14.04
24500	1.73	4.44	6.33	12.78

Estimated volume total, Calls 17 Puts 8
Previous day's open int: Calls 210 Puts 103

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.45	—	—	16.90	16.90	—	—	0.07	0.19
1.50	11.90	11.90	11.90	11.90	0.00	0.01	0.33	0.64
1.55	6.90	6.90	7.38	7.26	0.00	0.16	1.11	1.69
1.60	1.93	2.72	4.08	4.21	0.07	1.20	2.81	3.64
1.65	0.01	0.64	1.91	2.15	3.15	4.12	5.64	6.58
1.70	0.00	0.08	0.75	0.96	8.14	8.56	9.48	10.39
1.75	0.00	0.00	0.24	0.37	13.14	13.48	13.97	14.80

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 661 Puts 1,926

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	12.40	12.40	12.40	12.50	0.20	0.20	0.30	1.05
1.55	7.40	7.40	7.45	8.00	0.20	0.40	0.75	2.00
1.60	2.30	3.10	3.70	4.90	0.25	1.30	2.10	3.95
1.65	0.25	0.95	1.50	2.75	3.10	3.90	4.90	6.70
1.70	0.20	0.30	0.60	1.40	8.05	8.40	8.85	10.25
1.75	0.20	0.35	0.50	1.20	14.30	14.80	15.30	16.50

Previous day's open int: Calls 2,104 Puts 278
Volume: 340

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	1.80	2.70	3.40	—	0.05	1.20	1.95	—
1.625	0.25	1.45	2.10	3.50	0.75	2.10	2.90	4.90
1.650	0.05	0.75	1.20	2.39	2.75	3.70	4.60	6.30
1.675	—	0.30	0.65	1.74	5.40	5.80	6.50	8.10
1.700	—	0.10	0.29	1.25	7.70	8.10	8.70	9.80
1.725	—	—	0.15	0.79	10.20	10.40	10.70	12.00
1.750	—	—	0.09	0.65	12.70	12.80	13.00	14.00

Previous day's open int: Calls 134,297 Puts 78,287
Previous day's volume: Calls 5,909 Puts 2,511

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.25	1.54	1.33	1.23	—	0.00	0.06	0.18	—
91.50	1.30	1.11	1.03	—	0.01	0.09	0.23	—
91.75	1.05	0.90	0.85	—	0.01	0.13	0.30	—
92.00	0.82	0.72	0.69	—	0.03	0.20	0.39	—
92.25	0.60	0.55	0.54	—	0.06	0.28	0.49	—
92.50	0.38	0.40	0.41	—	0.09	0.38	0.61	—
92.75	0.21	0.28	0.30	—	0.17	0.51	0.75	—

Previous day's open int: Calls 1,816 Puts 1,967
Estimated volume, Calls 25 Puts 25

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

[illegible]

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

[illegible]

THREE-MONTH STERLING
£500,000 points of 100%

[illegible]

FT-SE 100 INDEX
£25 per full index point

[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]

IMM—STERLING $e per £

[illegible]

LIFFE—STERLING £25,000 $ per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	0.6744
[illegible]	[illegible]	[illegible]	[illegible]	0.6792
[illegible]	[illegible]	[illegible]	[illegible]	0.6856
[illegible]	[illegible]	[illegible]	[illegible]	0.6924

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	0.5471
[illegible]	[illegible]	[illegible]	[illegible]	0.5516
[illegible]	[illegible]	[illegible]	[illegible]	0.5564

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	92.78
[illegible]	[illegible]	[illegible]	[illegible]	92.51
[illegible]	[illegible]	[illegible]	[illegible]	92.29
[illegible]	[illegible]	[illegible]	[illegible]	92.08
[illegible]	[illegible]	[illegible]	[illegible]	91.88
[illegible]	[illegible]	[illegible]	[illegible]	91.67
[illegible]	[illegible]	[illegible]	[illegible]	91.47
[illegible]	[illegible]	[illegible]	[illegible]	91.29

STANDARD & POORS 500 INDEX
$500 times index

[illegible]

MONEY MARKETS

Rates stay soft

INTEREST RATES maintained a downward trend on the London money market yesterday, and dealers suggested underlying sentiment points towards another cut in bank base rates in the next month or so.

This is in spite of the flat yield curve from overnight through to one-year, and the technical shortage of funds keeping up the level of short-term money.

The recent recovery of sterling, following the dip as long positions in the pound were unwound after last month's general election, has renewed confidence. Three-month interbank fell to 9 3/16-9 1/16 per cent from 9¼-9⅛ per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England initially forecast a money market shortage of £700m, but revised this to £750m at noon, and to £800m in the afternoon. Total help on the day was £796m.

Before lunch the authorities bought £746m bills outright, by way of £7m bank bills in band 1 at 8⅞ per cent; £51m Treasury bills in band 2 at 8⅞ per cent; £6m local authority bills in band 2 at 8⅞ per cent; and £682m bank bills in band 2 at 8⅞ per cent.

In the afternoon the Bank of England purchased £50m bills outright, through £25m bank bills in band 2 at 8⅞ per cent; and £25m bank bills in band 3 at 8⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £387m, with Exchequer transactions absorbing £170m, and bank balances below target £190m. These outweighed a fall in the note circulation adding £45m to liquidity.

In Frankfurt the West German Bundesbank offered to supply liquidity to the money market through a 35-day securities repurchase agreement tender, at a minimum bid rate of 3.50 per cent.

Call money rose slightly to 3.55 per cent from 3.50 per cent, reflecting nervousness that the authorities may attempt to correct strong money supply growth by tightening the market, and at today's allocation of the tender not fully replacing the DM 8.1bn draining from the market, as an earlier agreement expires.

In Brussels the Belgian National Bank cut the interest rates on one-month and two-month Treasury certificates by 0.10 per cent to 6.50 per cent. The rates on one and two month certificates were previously reduced last Friday and three-month certificates were cut by 0.10 per cent to 6.65 per cent on Monday.

In Paris the Bank of France left its money market intervention rate at 7½ per cent at yesterday's money market tender. The intervention rate was last cut on June 29, from 7¾ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 7) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 13/16	offer 7 1/16	bid 7 [illegible]	offer 7 [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8¼	One month	5.64	Three year	7.61
Broker loan rate	[illegible]	Two month	5.38	Four year	7.80
Fed. funds	[illegible]	Three month	5.68	Five year	7.90
Fed funds at intervention	6¾	Six month	5.85	Seven year	8.11
		One year	6.59	10 year	8.29
		Two year	7.37	30 year	8.41

July 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.65-3.75	3.65-3.75	3.65-3.75	3.70-3.85	5.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7½
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

July 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Depts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	6.90-6.85	7.00-6.95	7.10-7.05	7.45-7.40
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 8⅞ per cent; three-months 8¾ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Treasury Bills: Average tender rate of discount 8.8242 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1987. Agreed rates for period July 26 to August 25, 1987, Scheme I: 10.47 p.c., Scheme II & III: 10.17 p.c. Reference rate for period May 30 to June 30, 1987, Scheme IV: 8.940 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9 per cent from July 1, 1987; Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 8¾ per cent; six-nine months 8¾ per cent; nine-12 months 8¾ per cent; Under £100,000 8 per cent from July 7. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 7 1987					MONDAY JULY 6 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (96)	139.12	+1.1	127.32	131.35	3.03	137.67	126.03	128.38	141.44	99.92	73.11
Austria (16)	85.89	+0.4	78.61	81.96	2.51	85.53	78.30	81.79	101.62	85.53	86.19
Belgium (48)	125.83	+0.9	115.16	118.69	4.03	124.69	114.15	117.93	125.83	96.19	81.71
Canada (132)	134.43	+1.6	123.02	128.83	2.17	132.35	121.16	127.31	136.17	100.00	96.44
Denmark (39)	115.45	+1.1	105.66	109.44	2.52	114.21	104.56	108.74	124.10	98.18	95.66
France (122)	110.02	−0.8	100.69	105.75	2.67	110.87	101.50	106.57	121.82	98.39	85.85
West Germany (92)	96.05	−0.2	87.90	91.85	2.06	96.23	88.09	92.05	100.33	84.00	79.97
Hong Kong (45)	128.21	+0.4	117.33	128.53	2.81	127.67	116.87	128.00	128.21	96.89	70.31
Ireland (14)	134.76	+0.3	123.32	130.45	3.43	134.35	122.99	130.06	134.76	99.50	93.10
Italy (76)	94.25	−0.7	86.26	93.73	1.93	94.90	86.87	94.51	112.11	94.25	85.67
Japan (458)	133.88	−0.2	122.52	126.68	0.54	134.17	122.82	126.45	161.28	100.00	83.76
Malaysia (36)	175.74	+0.3	160.83	171.60	2.18	175.21	160.40	171.15	175.74	98.24	81.97
Mexico (14)	269.42	+1.6	246.56	401.50	0.57	265.30	242.87	392.90	269.42	99.72	49.06
Netherland (38)	126.69	+0.6	115.94	119.72	3.69	125.91	115.27	119.04	126.69	99.65	88.78
New Zealand (26)	99.26	−1.9	90.84	88.95	3.21	101.22	92.66	90.25	101.22	83.93	70.43
Norway (24)	142.03	+1.0	129.98	129.50	2.21	140.66	128.76	128.48	142.03	100.00	97.59
Singapore (27)	154.34	+0.9	141.25	150.96	1.63	153.00	140.06	149.61	154.34	99.29	77.73
South Africa (61)	158.35	+0.7	144.92	119.39	3.45	157.32	144.02	118.61	186.74	100.00	76.72
Spain (43)	122.97	+0.6	112.54	118.13	3.37	122.21	111.88	117.91	123.93	100.00	83.50
Sweden (33)	115.22	+0.2	105.44	109.29	2.12	114.94	105.22	109.11	124.68	90.85	91.54
Switzerland (53)	97.25	−1.1	89.00	92.52	1.83	98.29	89.98	93.39	104.06	92.01	84.70
United Kingdom (336)	155.98	+0.6	142.75	142.75	3.05	155.11	141.99	141.99	155.98	99.65	99.54
USA (591)	125.50	+0.7	114.85	125.50	2.89	124.60	114.06	124.60	126.68	100.00	101.05
Europe (934)	124.49	+0.2	113.93	116.97	2.78	124.29	113.78	116.84	124.49	99.78	89.95
Pacific Basin (688)	133.80	−0.2	122.45	126.78	0.71	134.01	122.68	126.44	158.77	100.00	82.92
Euro—Pacific (1622)	130.13	+0.0	119.09	122.85	1.50	130.17	119.17	122.60	143.65	100.00	85.70
North America (723)	125.98	+0.8	115.29	125.71	2.85	125.01	114.44	124.77	126.70	100.00	100.80
Europe Ex. UK (598)	104.94	−0.2	96.04	100.81	2.53	105.15	96.26	101.09	107.75	98.02	84.16
Pacific Ex. Japan (230)	132.95	+0.6	121.67	127.76	2.87	132.15	120.98	126.13	132.95	99.92	72.42
World Ex. US (1829)	130.68	+0.0	119.59	123.21	1.55	130.63	119.58	122.90	143.38	100.00	85.94
World Ex. UK (2084)	125.95	+0.3	115.27	122.33	1.94	125.62	115.00	121.82	133.61	100.00	91.14
World Ex. So. Af. (2359)	128.43	+0.3	117.54	124.22	2.05	128.06	117.23	123.69	135.02	100.00	91.94
World Ex. Japan (1962)	126.15	+0.6	115.44	122.99	2.83	125.45	114.84	122.31	126.15	100.00	95.72
The World Index (2420)	128.62	+0.3	117.71	124.21	2.06	128.24	117.40	123.68	135.15	100.00	91.85

Base values: Dec 31, 1986 = 100

Day's change for South Africa based on July 3 prices.

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	Stock
GOLD C	$420	22	31.50	—	—	—	—	$444.50
GOLD C	$440	105	15.50	100	31	3	43	"
GOLD C	$460	20	7	32	20	21	32.50	"
GOLD C	$480	18	3.90	50	14.70	9	24.50	"
GOLD C	$520	—	—	8	5.20	—	—	"
GOLD P	$400	40	1.50	—	—	—	—	"
GOLD P	$420	14	2.50	20	6.50	—	—	"
		Sep 87		Dec 87		Mch 88		
SILVER C	$700	5	100	—	—	3	150	$746
SILVER C	$750	19	65	—	—	—	—	"
SILVER C	$800	12	35	2	88	—	—	"
SILVER C	$900	10	25	—	—	—	—	"
SILVER P	$700	—	—	10	45	—	—	"
SILVER P	$800	—	—	6	100	—	—	"
		Jul 87		Aug 87		Sep 87		
$/FL C	Fl.200	—	—	—	—	12	7.210	Fl.206.79
$/FL C	Fl.205	7	2	5	3.30	11	4.30	"
$/FL C	Fl.210	—	—	20	1	5	2.90	"
$/FL C	Fl.215	—	—	—	—	10	1.10	"
$/FL P	Fl.200	—	—	—	—	10	1.40	"
		Dec 87		Mar 88		June 88		
$/FL C	Fl.195	—	—	—	—	75	13.30	Fl.206.79
$/FL C	Fl.200	2	8.10	1	9.10	—	—	"
$/FL C	Fl.210	—	—	3	5.20	9	5.90	"
$/FL C	Fl.215	—	—	1	3.50	—	—	"
$/FL P	Fl.200	—	—	—	—	25	6.80	"
$/FL P	Fl.210	95	8.70	—	—	—	—	"
$/FL P	Fl.235	9	29.50	—	—	—	—	"

		July 87 Vol.	July 87 Last	Oct 87 Vol.	Oct 87 Last	Jan 88 Vol.	Jan 88 Last	Stock
ABN C	Fl.520	134	0.10	7	6.20	—	—	Fl.480
ABN P	Fl.480	32	4.90	41	19.50	—	—	"
AEGON C	Fl.100	348	1	266	4.60	157	6.10	Fl.98.40
AEGON P	Fl.95	2	0.50	135	3.20	—	—	"
AHOLD C	Fl.110	37	0.20	35	4.10	83	5.50	Fl.106.80
AHOLD P	Fl.105	25	1	7	4.50	—	—	"
AKZO C	Fl.160	2733	4.70	1787	10.80	678	13.90	Fl.163.30
AKZO P	Fl.160	639	1.60	577	5.30A	265	7.40	"
AMEV C	Fl.70	—	—	46	1.90	14	3.80	Fl.65.10
AMEV P	Fl.65	10	1.30	25	2.90	—	—	"
AMRO C	Fl.75	281	2.50	57	4.90	29	7.10	Fl.77.30
AMRO P	Fl.80	55	3.30	85	5.90	—	—	"
ELSVIER C	Fl.56	178	1.80	844	4.80	—	—	Fl.57.40
ELSVIER P	Fl.48	60	0.10	2	0.50	—	—	"
GIST-BROC. C	Fl.45	355	3	116	4.80	20	6	Fl.48.10
GIST-BROC. P	Fl.45	11	0.20	29	1.70	—	—	"
HEINEKEN C	Fl.180	132	3.40	216	9	12	13	Fl.181.30
HOOGOVENS C	Fl.45	395	2.20	351	5	30	6.30	Fl.46.50
HOOGOVENS P	Fl.40	4	0.10	119	1.40	61	2	"
KLM C	Fl.55	181	0.50	777	2	176	3.40	Fl.52.80
KLM P	Fl.50	25	0.20	114	2	22	2.10	"
NEDLLOYD P	Fl.130	418	1	427	4.30	10	6.50A	Fl.145
NAT.NED. C	Fl.75	108	0.70	401	3.90	33	5.20	Fl.74.70
NAT.NED. P	Fl.75	18	1.60A	30	4.30	130	4.90	"
PHILIPS C	Fl.50	2068	2.50	677	4.90	127	5.90	Fl.52.50
PHILIPS P	Fl.50	1174	0.20	260	1.70	416	2.80	"
ROYAL DUTCH C	Fl.280	1414	11	1516	18.50	129	19	Fl.289.70
ROYAL DUTCH P	Fl.270	28	0.40	431	3.60	101	6.50	"
UNILEVER C	Fl.136	1046	2.80	204	8	—	—	Fl.138
UNILEVER P	FL.120	15	0.10	405	0.50	5	1	"

TOTAL VOLUME IN CONTRACTS: 68,346

A=Ask B=Bid C=Call P=Put

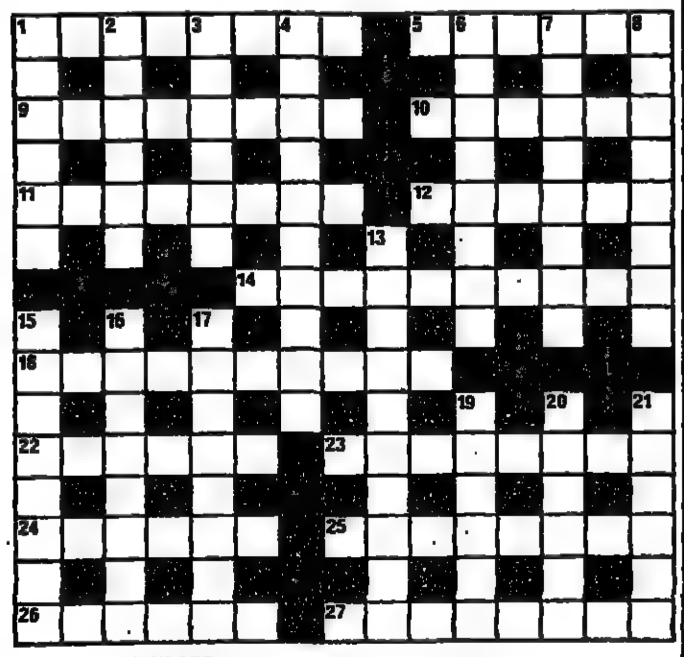
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	9½
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd.	9½	Smith & Wilson Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bnk	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sarewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,372

HIGHLANDER



ACROSS

1 First of September: take off summer clothing (8)
5 Black Watch perhaps outside the wood (6)
9 One girl involved with a local (8)
10 Fashionable food, it's said, is natural (6)
11 Religious writings in a state system of symbols (8)
12 An acute problem with sound (6)
14 Did he produce Vesta for Cupid perhaps? (10)
18 Thousand is smallest unit with an anthology (10)
22 Upper class jet at one's disposal (6)
23 Hannibal's victory: listen to the mob (8)
24 During research there's nothing for Dark Blue (6)
25 Put hand out like a chemist does (8)
26 Delivery made by Archbishop to Queen (6)
27 Soldiers are given warrant for clothing (8)

DOWN

1 Shore Street (London) (6)
2 Deny wife has come out of old London prison (6)
3 Settles down in society, wrapped in a sense of belonging (6)
4 It's appropriately timed, as one's confused by expert (10)
6 Pub ring last orders very quickly (2,2,4)
7 Criticises military quarters (8)
8 Russians call girl a thrush (8)
13 Southern ideals can change and raise a few eyebrows (10)
15 Dispensation from the Devil—by agreement (8)
16 First person to malign Manxman perhaps (8)
17 What a woman assumes before retiring is little short of carelessness (8)
19 Drink taken up by University waterway to University precincts (6)
20 Look—it's the first German cavalry weapon (6)
21 Run across a friend of Pooh imitating sound of falling star (6)

Solution to Puzzle No. 6,371

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	109.6	115.9	-0.1	0.71
(Accum Units)	114.9	121.5	-0.1	0.71
British Blue Chip Fund	53.6	56.7	+0.4	2.34
(Accum Units)	53.6	56.7	+0.4	2.34
American Sm Cos Fd	52.0	55.0	-0.1	0.45
(Accum Units)	52.0	55.0	-0.1	0.45
American Income	51.2	54.1	-0.2	3.61
(Accum Units)	55.8	59.0	-0.2	3.61
European Growth	145.8	154.2	-0.1	1.23
(Accum Units)	190.9	199.4	-0.1	1.23
European Income	80.2	84.8xd	+0.4	3.73
(Accum Units)	84.1	88.9xd	+0.4	3.73
General	384.3	406.6	+3.0	2.40
(Accum Units)	638.4	675.5	+5.2	2.40
Gilt	88.5	89.2xd	+0.2	5.92
(Accum Units)	105.7	106.2xd	+0.3	5.92
Global Fund	49.6	52.4	+0.1	0.70
(Accum Units)	49.6	52.4	+0.1	0.70
High Interest Fund	47.5	50.2	+0.2	8.95
(Accum Units)	47.9	50.6xd	+0.2	8.95
High Income Fund	54.5	57.6	+0.1	4.82
(Accum Units)	55.0	58.1	+0.1	4.82
Income	125.5	132.8xd	+1.2	2.85
(Accum Units)	144.0	152.3xd	+1.4	2.85
International	292.1	309.1xd	-0.5	1.17
(Accum Units)	366.6	386.8xd	-0.6	1.17
Japan	197.9	209.4	-0.8	0.74
(Accum Units)	203.1	214.9	-0.8	0.74
Pacific Fd	54.7	57.8xd	+0.0	0.10
(Accum Units)	54.7	57.8xd	+0.0	0.10
Recovery	319.9	337.8	+3.3	1.51
(Accum Units)	347.1	367.3	+3.6	1.51
UK Smaller Co's Fd	54.6	57.7	+0.4	1.92
(Accum Units)	54.6	57.7	+0.4	1.92
Exempt May 27	367.2	376.6	+22.5	3.09
(Accum Units)	575.2	589.9	+33.5	3.09

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	62.5	66.4	-0.1	4.52
Accum Units	62.5	66.4	-0.1	4.52
UK Growth Fund Acc	64.4	68.5	-0.5	1.46
Global Income Fund	49.5	52.6	-0.3	3.80
Accum Units	49.5	52.6	-0.3	3.80
Global Growth Fund	45.7	48.7	+0.1	0.51

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	128.0	136.8	-0.9	1.29
(Accum Units)	176.8	187.4	-0.4	1.29
Commodity & Gen.	177.9	188.8	+0.8	1.55
(Accum Units)	253.9	269.4	+1.0	1.55
European Growth	128.1	135.8	-0.3	1.09
(Accum Units)	154.6	163.9	-0.4	1.09

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Linkline 0800 010365

Holborn Comm Tst	80.2	84.8	+0.1	0.96
Holborn Equity Income	73.7	77.9xd	+0.1	3.3
Holborn Equity Tst	605.4	640.6	+3.0	2.11
Holborn European Tst	116.3	123.0	-0.1	0.67
Holborn Gilt Tst	215.2	226.4	+0.3	2.32
Holborn High Inc Tst	88.6	93.7xd	+0.2	4.6
Holborn Intl Grth Tst	117.8	124.6	-0.1	0.7
Holborn Japanese Tst	125.0	132.2	-0.4	0.04
Holborn N. Amer. Tst	91.6	96.9xd	-0.4	0.5
Holborn Sm Cos Tst	80.3	84.9	+0.8	1.97
Holborn Spec Sits Tst	103.7	109.7xd	+0.2	1.55
Holborn UK Growth Tst	120.2	127.1	+0.6	1.67

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	676.4	715.8	—	1.37
Quadrant Income	333.8	353.3xd	—	4.07
Quadrant Intl. Fund	447.5	473.4	—	1.05
Quadrant Recr. Sits	452.0	478.4	—	1.97

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	247.0	262.6	+1.4	2.19
Reliance Unit Tst (Inc)	170.0	180.8	+0.9	1.79
Reliance Ut Tst (Acc)	228.8	243.3	+0.3	1.79

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2090

Internat. Growth Trust	49.4	51.9	+0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-654 2901/4

NC America (Inc)	321.6	342.1	-0.8	0.80
NC America (Acc)	351.7	373.6	-0.8	0.80
NC Inc Fd.	129.7	137.9	+0.2	2.73
NC Japan Fd.	190.8	202.9	-0.2	—
NC Major UK Cos Fd.	75.9	80.7	+2.3	1.40
NC Smllr Australasian	88.9	93.8	-1.9	0.49
NC Smllr Canadian CoFd.	48.6	51.7	—	0.90
NC Smaller Cos	242.0	257.4	+0.8	0.89
NC Smaller European	194.2	206.5	+0.3	0.46
NC Prop.*	157.2	171.6	—	(s)

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS 01-606 5678

Marlin June 30	615.5	623.5	—	1.12

Royal Bank of Canada Fds.
RBC Trust Managers Limited.

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	446.8	470.3		—
Property	280.2	294.9		—
Equity	578.2	608.6		—
Gilt Edged	364.4	383.6		—
Deposit	204.1	214.8		—
Investment	247.7	260.1		—
International	423.5	445.8		—

Pension Fund Prices

Managed Init.		326.1		—
Do Accum		398.3		—
Property Init.		242.9		—
Do. Accum.		296.5		—
Equity Init.		423.2		—
Do Accum.		516.0		—
Gilt Edged Init.		235.4		—
Do. Accum.		287.4		—
Guaranteed Init.		157.5		—
Do. Accum.		192.4		—
International Init.		517.8		—
Do. Accum.		631.8		—
Index Lk. Gilt Init.		137.3		—
Do. Accum.		167.6		—

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	301.2	+0.1	—
Property Pens.	397.4	+0.3	—
Equity	206.2	+2.0	—
Equity Pens.	936.0	+8.9	—
Money Market	313.5	+4.3	—
Money Mkt. Pens.	561.8	+8.9	—
Deposit	236.3	+0.1	—
Deposit Pens.	375.8	+0.2	—
Managed	299.1	+2.2	—
Managed Pens.	576.6	+4.6	—
Intl. Equity	344.9	+0.8	—
Do. Pens.	554.4	+1.5	—
Intl. Managed	319.2	+0.8	—
Do. Pens.	472.4	+1.2	—
North American	130.3	+0.1	—
Do. Pens.	148.5	-0.1	—
Far East	285.2	-2.9	—
Do. Pens.	415.8	-4.2	—
Intl. Currency	175.5	+0.0	—
Do. Pens.	230.0	+0.0	—
Index Linked	132.4	+0.4	—

National Provident Inst.—Contd.

Far East Initial	467.6	492.3	-2.6	—
Far East	558.6	588.1	-3.1	—
Prop. Initial	139.7	147.1	-0.3	—
Prop	167.1	175.9	-0.2	—
Fixed Int. Initial	190.0	200.1	+0.5	—
Fixed Int.	227.1	239.1	+0.7	—
Indexed Gilt Initial	103.5	109.0	...	—
Indexed Gilt	122.4	128.9	...	—
Deposit Initial	134.4	141.5	+0.1	—
Deposit	162.1	170.7	...	—

NPI Pensions Management Ltd

Managed Fund	952.2	969.2	+21.4	—

Prices July 1. Next dealing August 3.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 3JS 0603 683986

NUAM Funds

Managed Fund	57.8	60.9	...	—
Stock Market Mngd Fund	59.3	62.5	...	—
Equity Fund	66.1	69.6	+0.3	—
International Fund	53.5	56.4	-0.5	—
European Fund	56.7	59.7	-0.3	—
North American Fund	50.0	52.7	-0.3	—
Pacific Fund	61.5	64.8	-0.2	—
Property Fund	50.7	53.4	...	—
Fixed Interest Funds	50.6	53.3	+0.2	—
Index Linked Sec Fund	45.8	48.3	...	—
Deposit Fund	50.8	53.5	+0.1	—

NUAM Retirement Plans

Mixed Fund	62.0	65.3	+0.4	—
UK Ordinary Share	75.6	79.6	+1.1	—
International Fund	55.1	58.0	-0.8	—
Property Fund	51.6	54.4	...	—
Fixed Interest Fund	52.1	54.9	+0.5	—
Index Linked Sec Fund	45.9	48.4	+0.2	—
Deposit Fund	52.6	55.4	+0.1	—

NUAM (MF)

Managed Fund	792.9	833.6	+0.4	—
Equity Fund	1762.1	1854.9	+8.7	—
Property Fund	315.2	331.8	+0.1	—
Fixed Interest Fund	372.5	392.2	+1.4	—
Deposit Fund	207.1	218.0	+0.2	—
International Fund	138.9	146.3	-1.3	—
Index Linked Sec Fund	45.9	48.4	...	—

Norwich Union Life Insurance Soc.

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for October 1986: 388.4 and for May 1987: 101.9 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Stock	Price	+ or -	Div Gross	C'vr	Y'ld Gr's
NYNEX $1	42	-1	$3.48	—	5.1
PHH	25¾	+¼	$1.04	—	2.6
Pacificorp $3.25	22¼	-¼	$2.40	—	6.6
Pacific Telesis $0.10	16½	-¼	$1.64	—	6.1
Pall Corp. 25c	15	-⅛	34c	—	1.2
Pennzoil 83c	48¾	+1½	$2.20	—	2.8
Pillsbury	25¾	-¼	$1.00	—	2.4
Quaker Oats $5	31⅝	-¼	80c	—	1.5
RJR Nabisco Inc	33½	-¼	$1.60	—	2.9
Rep NY Corpn $5	33½	-¼	$1.16	—	2.1
Rockwell Intl. $1	16¼	-¼	$1.32	—	4.8

Continued on next page

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765

Japan Meta Growth	$12.39		-0.10	—
Yamaichi OSI Fund	$20.01		+0.01	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$24.48			—
Dynamic Grth Fd	$25.43			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.87	12.5		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	8.63	6.39	9.20	3-mth
CAFCASH 7-day Fund	8.47	6.37	9.02	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01 588 1815				
Deposit	8.85	—	9.15	3-mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	8.68	6.52	9.04	6-Mth
7-day Fund	8.63	6.49	9.04	6-Mth
Dollar	5.37	4.04	5.62	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1 01-378 2576				
£250-£2,500	7.00	5.27	7.36	Qtr
£2,500+	9.00	6.77	9.32	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	8.30	6.00	8.64	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	8.25	6.21	8.77	Qtr
MoneyCard £1000-£5000	8.00	6.03	8.48	Mth
Mkt. Int. Chq. £5,000+	8.25	6.21	8.75	Mth
AAB—Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046				
HICA, HICNA	8.75	6.58	9.30	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	8.10	6.09	8.59	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	8.00	6.00	8.40	Qtr
Benchmark Trust Ltd Premier Account				
9 Henrietta Place, W1M 9AG. 01-631 3313				
£5,000-£10,000	9.00	6.77	9.43	6-mth
£10,001-£20,000	9.25	6.96	9.70	6-mth
£20,000+	9.50	7.15	9.97	6-mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2. 01-606 9833				
Demand Acc	8.50	6.40	9.23	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	8.25	6.21	8.75	Mth
U.S. Dollar	6.25	4.70	6.58	Mth
German Marks	3.00	2.26	3.13	Mth
Swiss Francs	2.50	1.88	2.60	Mth
Japanese Yen	3.00	2.26	3.13	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove W6 01-741 4941				
Money Market Plus				
£1,000-£24,999	7.50	6.00	8.45	Mth
£25,000	8.00	6.30	8.88	Mth
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	5.31	4.00	5.56	Qtr
£2,500 +	7.31	5.50	7.64	Qtr
Dartington & Co Ltd				
9 The Crescent, Plymouth PL1 3AB 0752 673873				
Money Mkt Acc	8.50	6.40	8.99	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	8.10	6.09	8.59	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	8.472	6.375	8.873	6-mth
Lloyds Bank High Interest Cheque Account				
71 Lombard St, London EC3P 3BS 01-626 1500				
£1,000-£4,999	6.50	5.20	7.73	Mth
£5,000-£9,999	7.00	5.80	8.16	Mth
£10,000-49,999	7.50	6.20	8.74	Mth
£50,000+	8.00	6.50	9.17	Mth
M & G/Kleinwort Benson				
M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	8.25	6.21	8.75	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	7.97	6.00	8.41	Qtr
£10,000 +	8.25	6.21	8.75	Qtr
M.I.M. Britannia Ltd				
74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	8.25	6.21		—
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP 01-726 1000				
£2,000 to £9,999	8.00	6.125	8.37	Qtr
£10,000 and above	8.125	6.30	8.85	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct	8.50	6.40	8.99	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	8.875	6.68	9.38	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire 061-928 9012				
H.I.C.A. (£1,000+)	9.00	6.77	9.57	Mth
Royal Bank of Scotland plc				
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201				
Premium Account	7.87	5.92	8.29	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 766966				
H.I.B.A.	8.11	6.10	8.62	—
Tyndall & Co				
29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	8.61	6.48	9.07	Qtr
Money Acc	8.47	6.37	8.94	Qtr
Client Prm Acc	8.37	6.30	8.83	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	8.75	6.58	9.29	—
£10,000 and above	9.00	6.77	9.57	—
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
High Int Chq Acc	9.19	6.92	9.73	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	9.75	7.34	10.33	Qtr

NOTES—Gross, rate to those exempt from composite rate of tax. Net, actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayer—compounded annual rate. Int Cr frequency interest credited.

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	27¼xd	−¾	$1.00	—	2.2
11¼	8⅞	Saul (B. F.) $1	10½xd	+⅛	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	23⅞xr	−¼	h$2.32	—	6.1
18⅛	14¼	Staley Continental	17⅞	−½	80c	—	2.7
44⅞	36⅜	Sun Co. Inc. $1	40⅞xd	−¼	$3.00	—	4.5
37	28¼	TRW Inc. $1¼	33⅞	+⅛	h$1.60	—	3.0
32	25⅞	Tenneco $5	30½	−¼	$3.04	—	6.1
187½	149½	Do. 10pcLn.Stk. 91-5	187½xd	.....	10%	—	5.5
27½	17⅜	Texaco $6.25	27½xd	+1⅛	$3.00	—	6.7
61⅞	47⅛	Time Inc. $1	59½	−½	$1.00	—	1.0
14½	11	Tracor $0.33	12⅛	.....	40c	—	2.0
26⅞	18⅜	Transamerica $1	25¼xd	+¼	$1.76	—	4.3
12⅛	922p	Transworld Corp $5	11⅝	.....	20c	—	1.1
46	29¼	TRINOVA Corp.	42	−¼	h$1.00	—	1.5
20	15⅛	♥USX $1	19¼	−¼	$1.20	—	3.7
19⅛	15⅜	Union Carbide $1	18⅝	−¼	$1.50	—	5.0
35⅞	26⅞	Utd. Technologies	33	+½	$1.40	—	2.6
38⅛	27	US West	32⅞	−⅛	$3.28	—	6.2
25	17⅛	Waste Management $1	25½	+⅛	—	—	—
£22⅛	£20½	Whirlpool $1.0	£22⅛	.....	—	—	—
35⅞	26	♥Woolworth $3½	32⅛	−⅛	$1.32	—	2.5

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	.....	—	—	—
12⅝	50bp	♥Amer. Barrick Res.	11⅛	+⅛	—	—	—
122p	52p	Armeno	75p	−4	—	—	—
19⅛	14⅝	Bk. Montreal ‖	16	.....	$2.00	—	5.8
10½	745p	Bk. Nova Scot. ‖	838pxd	−9	72c	—	4.0
20⅝	18	BCE ‖	19⅞	.....	$2.40	—	5.6
960p	712p	♥Bow Valley ‖	920p	+8	40c	—	2.0
19¼	12⅝	♥Brascan ‖	17⅞	+¼	88c	—	2.3
609p	277p	♥Breakwater Res.	390p	+16	—	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

High	Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
83	78	Amertcor Energy 10p	83	.....	—	—	—	—
15½	9	Ardmore Pet. 'A'	11½	+½	—	—	—	—
80	45	Catalyst Comms. 5p	78		—	—	—	32.4
200	168	Chelsea Artisans 5p	173	−5	—	—	—	21.2
151	47	Corton Beach 10p	133	−18	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	185	.....	—	—	—	—
265	102	Edenspring Investment	263	+8	—	—	—	—
*62	18	Eglinton Oil Ir.5p	26	−1	—	—	—	—
41	17	Do. Warrants	19	.....	—	—	—	—
80	17	Publishing Hldgs.5p	73	−3	—	—	—	42.3
76	45½	Theme Holdings	76	+3	1.0	♦	1.8	♦
140	111	Unit Group	140d	.....	R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	88	+2
Craig & Rose £1	£28¼xd	.....
Finlay Pkg. 5p	130	−5
Holt (Jos) 25p	975	.....
IoM Stm. £1	125	.....
IRISH		
Fund 11¼% 1988	£100½	.....
Nat. 9¾% 84/89	£98½	.....
Fin. 13% 97/02	£110⅞	.....
Arnotts	340	.....
CPI Hldgs	58	.....
Carrol Inds.	163d	.....
Dublin Gas	18	.....
Hall (R. & H.)	112	+4
Heiton Hldgs.	41	−3
Irish Ropes	170	.....
Unidare	400	+15

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	28
BAT	55
BOC Grp	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	50
Blue Circle	50
Boots	25
Bowaters	50
Brit. Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	200
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	10
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	110
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6

* New time dealings may take place from 9.00 am two business days earlier.

Equity sector brushes off Midland rights issue as oils lead the way to new peaks

The long-expected rights issue announcement from Midland Bank brought only a brief check to the renewed bull market in UK equities, which closed at new peaks yesterday.

The FT-SE 100 index, while finally well below the day's best, chalked up a double digit gain for the fourth successive trading session.

Confidence was encouraged by firmness in the pound, providing the underpinning for interest rate optimism, and by a strong opening on Wall Street, with oil shares again very firm as US crude prices topped $21 a barrel.

At the close, the FT-SE 100 index was 13.5 up at a new high of 2,365.4, with the FT Ordinary up 5.9 at 1,836.7, also a new peak.

The timing of Midland's £700m rights—on the eve of today's pricing of the BAA sale—was unexpected, and equities were sharply down in early morning trading as the City warily eyed the length of the rights issue and vendor placing lists. But oil shares soon led the market up again, and at best the FT-SE index was 22 points ahead.

Progress was somewhat erratic, however, and several trading houses believe the market could be becoming overbought, temporarily at least. The market gain was cut back to a net 10 FT-SE points ahead of New York's opening, but Wall Street's strength set the seal on London's trading day.

Once again, foreign buying was scanty, and highly selective. "If there is a wall of foreign money, then it's arriving here brick by brick," as one trader put it.

However, Warburg Securities told clients it is "not at all concerned" that the famous wall is slow in coming. It expects the London equity market to gain a further 12 per cent this year as it approaches the earnings rating of other European markets.

For the short term, however, one major US house warns that an overbought market could be in for a correction of 5 per cent to 10 per cent.

The strength of the oil share sector brought a general increase in US interest. Glaxo, having lain dormant during the day, moved up sharply in late trading as Wall Street opened. However, Beecham lost ground on bearish comment from Salomon Bros.

Government bonds opened firmly as traders moved in to take out the remnants of the 10 per cent of 1996 taplet but prices then fell back, *closing ¼ off as LIFFE* futures contracts plunged.

Turnover in gilts was thin and is likely to remain so, if only because the authorities, under no pressure to fund, may leave the market untapped for the rest of the week.

Midland Bank shares were initially marked up to 674p on news of a £1bn plus provision against third world debts, proposed £700m rights issue and sale to National Australian *Bank for* around £390m of Clydesdale Bank and Northern Bank. However, banking analysts came away from a meeting with Midland with more bearish views and subsequent selling left the share price at 654p, a gain of 7p.

Greenwell Montagu, the securities arm of Midland Bank, said they expected a setback in bank shares, including Midland following yesterday's initially favourable reaction. BZW's bank analyst said he did not expect any substantial progress in Midland shares until the rights issue has been absorbed.

Plessey shares, heavily sold on Monday after the profits downgrading by Kleinwort Grieveson, rallied 6½ to 222½p on a turnover of 21m shares as analysts came away from a meeting with the company with mixed views. First quarter results, due next month, are expected to be lower than last year.

Midland's bad debt provisions gave an early boost to other banks but best levels were not held as profit-takers moved in. **Barclays** rose 9 to 609p, after 612p, and **Lloyds** 5 to 388p, after 390p, while NatWest were a fraction up on balance at 729p.

Royal Bank of Scotland, already boosted by a *BZW switch* recommendation from Bank of Scotland, were boosted further by bid speculation and advanced 14 more to 399p.

A buy circular from securities house Kleinwort Grieveson prompted good support for **Royal Insurance** which moved up 10 to 533p. Insurance brokers included outstanding features in **Steel Burrill** which leapt another 18 to 333p amid rumours of a possible bid from Abaco Investments.

Babygro, placed at 110p, staged a highly satisfactory debut and ended the day at 153p.

The present warm spell continued to give is predictable fillip to the leading Breweries. Attention was particularly directed towards **Allied-Lyons** which advanced 8 to 457p reflecting a chart "buy" signal; sentiment was also buoyed by the prospect of an encouraging statement from Allied chairman Sir Derrick Holden-Brown at today's annual meeting. **Bass**, in receipt of a welter of brokers' recommendations, put on ¼ more to £10½, but **Scottish and Newcastle** dipped 6½ to 257p in reaction to a generally cautious press response to the *preliminary figures.*

Building issues staged another broad advance. **Costain Group** extended their recent upsurge and closed a further 27 up at 335p—a rise of 51 over the past three trading sessions. Among other Construction issues **Taylor Woodrow** *advanced 13 more to* 510p and **Turriff** 14 to 413p. **Bryant Holdings** were 7 firmer at 137p as Chase Manhattan Securities upgraded their profits forecast. **Raine Industries** edged up 5 to 165p as the company moved quickly to spend the £6m profit it made on the buying and selling of its stake in Tilbury on the purchase of shopfitting group Lycett and Platt from Burns Anderson for £6m cash. The chairman's optimism at the annual meeting boosted **Henderson Group** 19 to 271p. **Burnett and Hallamshire** fell 4 to 23p following the preliminary results. Bid rumours lifted **Meyer International** 16 to 441p.

Amersham, a strong market since a recent buy recommendation from BZW, put on 17 more to 638p.

A firm performance by leading Stores was highlighted by **W. H. Smith A** which put on 11 to 389p; brokers Wood Mackenzie are bullish on Smith's prospects in the wake of moves to ratonalise news distribution in the London area. Press comment served to stimulate yet another bout of intense speculative activity in bid chestnut **Sears** which advanced 6½ to 168½ as sme 14m shares changed hands—turnover which prompted substantial hedging operations in Sears traded options.

Racal shares were actively traded and finished strongly at *285p, up 14 as reports*, filtered through of a meeting with analysts. Elsewhere in the Electri*cal sector*, **Unitech** *rose 11 to 307p*, following news of the purchase of a stake in Computer Products Inc. of the US.

Engineers were again featured by a fresh rise of 37 to 765p in **Carclo** in response to the preliminary figures. **Habit Precision** firmed 4 to 155p on the increased interim dividend and profits. **Delta** continued to edge higher at 319p, up 4, and **TI Group** firmed 8 to 400p, while **Hawker** moved up a similar amount to 558p among the leaders.

Foods traded in an extremely thin and sensitive manner and finally displayed a decidedly irregular appearance. Publicity given to a circular from County NatWest directed investment support to **Dee Corporation**, another 6 to the good at 245p. In contrast, **Argyll**, which had made such a smart recovery from the severe shake-out that immediately followed the group's "conservative" accounting move., reacted to *occasional offerings* to settle 10 lower at 463p. A sharp flurry of profit-taking was also evident in last week's speculative high-flier **Wm. Morrison** which slumped to 316p at one stage as followers became disconcerted by the absence of bid developments; nevertheless, dealers reported support at this level and Morrison rallied to 337p—still down 17 on the session.

Food Manufacturing issues again featured **Hillsdown** whch rose 2 to 321p, after 328p, as brokers upgraded *profit forecasts* for the group following the purchase of Canada's Maple Leaf Mills; *BZW, for example*, reckon Hillsdown is now set to make pre-tax profits of £98.5m in the current year.

The prospect of a lucrative tourist "season" lifted Hotels. **Trusthouse Forte** were a major beneficiary and improved 8½ to 280½p with talk of a broker's bullish circular in the offing giving an additional boost to sentiment. **Ladbroke** rallied 10½ to 443p.

Among the miscellaneous industrial leaders, **Pilkington**, still reflecting the capital proposals, pushed ahead further to close ¼ higher at £10⅝. In contrast, **Beecham** remained on offer at 550p, down 11 following a profits forecast from Salomon Brothers well below other leading analysts. A single large US buyer was mainly responsible for late strength in **Glaxo** up ¼ at £17¾.

Elsewhere, the preliminary results from **AAH**, up 15 at 413p, were well received, but the interim figures from **Granada**, which were in the middle of market estimates, failed to excite traders and the shares drifted back to close 12 down on the day at 360p. **Bowater**, still reflecting recent press mention, improved 10 further to 572p, but comment on the preliminary figures prompted a reaction of 14 to 203p in **Vinten**.

Speculative interest revived in **J. H. Fenner** which settled 15 to the good at 214p. **Oakwood** jumped 210 more to 735p following the offer from a consortium of investors, but **Neill and Spencer**, reflecting the annual deficit, gave up 2½ to 25p. **Securiguard** responded afresh to the interim figures with a further gain of 15 at 230p, while **Keep Trust** were noteworthy *for a* rise of 22 at 398p.

Bid hopes were again behind a *further rise of 35 to 675p in* **A and C Black**. News of the £20m investment programme together with the sale of two of its St Regis plants for just over £4.4m prompted a gain of 9 to 417p in **David S. Smith**.

Tiphook, the container and freight transport group, dipped 23 to 447p following the surprise £36m rights issue that accompanied the sharply-increased preliminary profits.

Textured Jersey, bought on recovery hopes, featured Textiles with a gain of 16 at 197p. Elsewhere, **R. Smallshaw** were also noteworthy for a gain of 20 at 150p.

Investment Trusts responded well to the continued strength of the underlying equity market, and were featured by bid situations. **GT Global Resources** rose sharply, moving well above the Formula Asset Value quoted by Baltic, which is expected to post its formal bid offer shortly.

UTC jumped 19 to 344p after disclosing its agreed merger with Pepper Angliss & Yarwood, surveyors, and property consultants.

Oil shares printed higher in early trading, buoyed by another rise in crude oil prices, which *continued to respond to fears of a* major escalation of the conflict in the Gulf. The majors were again heavily bought and **BP** surged ahead to 417p before settling a net 4 up at 409p after a turnover in excess of 21m shares. **Shell** remained a strong market and put on ⅛ more to £15⅛, helped by a continuing stock shortage.

Lonrho, sold at the outset in reaction to the latest episode of the long-running altercation with the Al-Fayed family, finally settled at 286½p; Lonrho confirmed that its listing in Tokyo will commence on July 23. Elsewhere in Overseas Traders, **Inchcape**, 786p, and **Harrisons and Crosfield**, 663p, rose around 15 apiece as Chase Manhattan Securities reiterated its recent "buy" advice stating that both groups have considerable upside potential.

Currency factors waved their magic wands in the gold share sector, bringing a ris of 10.6 to 386.8 in the FT Gold Mines index. The market was very firm, with buying coming from across the full range of the investment sector as th South African Rand moved up smartly. Speculative buying of both **Consolidated Gold Fields** and **RTZ** also continued.

Traded options

Proceedings in traded options centred on Sears, the high street retail group, which attracted an extremely lively business as speculation of an imminent takeover approach again did the rounds; Sears attracted 2,596 calls and 7,482 puts, 7,830 of which were transacted in the September 180 series. Total contracts struck amounted to 59,618.

Traditional Options

- First dealings June 22
- Last dealings July 3
- Last declaration Sept 24.
- For Settlement Oct 5

For rate indications see end of London Share Service

Money was given for the call of Eagle Trust, Cronite, Courey Petroleum, Whitbread, British Petroleum, Marks and Spencer, Property Trust, Tuskar Resources, Talbex, Widney, Rotaprint, Bulgin A, Belhaven, William Boulton, Peek Holdings, Hawley Group, Martin Ford, Bula Resources, Control Securities, Waterford Glass, Blacks Leisure, Stormguard, Pavion, Silentnight, Premier Consolidated, Astra Industrial, Charterhall and Johnson Matthey. A put was arranged in Property Trust, while double options were transacted in Property Trust and Martin Ford.

FINANCIAL TIMES STOCK INDICES

	July 7	July 6	July 3	July 2	July 1	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.66	90.45	90.03	90.10	90.26	90.80	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.25	97.28	97.13	97.13	97.36	97.61	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1836.7	1830.8	1818.5	1794.6	1772.1	1317.7	1,836.7B (7/7)	1,320.2 (2/1)	1,836.7 (7/7/87)	49.4 (26/6/40)
Gold Mines	386.8	376.2	378.9	385.7	384.6	197.3	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.12	3.14	3.17	3.20	3.24	4.18				
Earnings Yld.%(full)	7.52	7.56	7.62	7.70	7.80	10.03				
P/E Ratio (net) (*)	16.41	16.32	16.19	16.01	15.77	12.14				
SEAQ Bargains (5 pm)	56,094	60,584	49,904	44,325	42,099	—				
Equity Turnover (£m)	—	1,419.53	1711.27	1675.95	1,172.34	565.14				
Equity Bargains	—	57,232	56,554	52,663	48,130	29,969				
Shares Traded (ml)	—	—	748.7	609.5	643.6	248.8				

S.E. ACTIVITY

Indices	July 6	July 3
Gilt Edged Bargains	113.4	105.0
Equity Bargains	370.8	366.4
Equity Value	2869.2	3458.9
5-Day Average		
Gilt Edged Bargains	111.5	110.5
Equity Bargains	347.0	353.8
Equity Value	3028.9	4152.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1826.4	1832.6	1834.9	1839.0	1841.5	1840.5	1839.6	1838.5

Day's High 1841.6 Day's Low 1826.4. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=16.08.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (331)

COMMONWEALTH & AFRICAN LOANS (1), AMERICANS (4), CANADIANS (2), BANKS (7), BREWERS (3), BUILDINGS (31), CHEMICALS (10), STORES (16), ELECTRICALS (26), ENGINEERING (21), FOODS (6), HOTELS (3), INDUSTRIALS (56), INSURANCE (6), LEISURE (6), MOTORS (4), NEWSPAPERS (8), PAPERS (16), PROPERTY (15), SHIPPING (1), SHOES (1), TEXTILES (9), TRUSTS (70), OILS (12), OVERSEAS TRADERS (4), PLANTATIONS (2), MINES (3), THIRD MARKET (1).

NEW LOWS (5)

AMERICANS (1) Colt Industries, ELECTRICALS (2) Mitel Corp, Rodime, INDUSTRIALS (2), Hawtal Whiting, Smith Doctes, NEWSPAPERS (1) Mutaris.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,800	190	−3	Jaguar	574	550	—
Allied Lyons	2,800	457	+8	Ladbroke	3,400	443	+10½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corporations, Dominion and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Properties	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Tuesday July 7 1987	
[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	
[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	
[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*458)	390	72	83	93	1	3	7
	420	42	58	73	1½	8	15
	460	10	30	48	13	23	27
Brit. Airways (*159)	140	21	27	36	1½	6	9
	160	6	15	25	6	11	21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*371)	300	75	80	—	2	4	—
	330	48	60	70	3	8	15
	360	25	42	52	9	18	25
	390	10	27	38	27	33	40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]	[illegible]

"RIGHTS" OFFERS

[illegible]	[illegible]

WORLD STOCK MARKETS

AUSTRIA

July 7 | Price Sch. | + or −

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Closing prices July 7

[illegible]

MONTREAL
Closing prices July 7

[illegible]

Total Sales 7,387,603 shares

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

[illegible]

LONDON — Most Active Stocks
Tuesday, July 7, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
BP	20.9m	489	+ 4	Allied. Hldgs.	9.5m	321	+ 2
Plessey	17.9m	222½	+ 6½	T'hse Forte	9.3m	280½	+ 8½
Racal	15.8m	285	+14	TSB	7.2m	83	+ 3
Brit Gas	13.8m	188½	− 2½	Britoil	7.0m	338	− 1
Rls Royce	13.0m	127	− 1	Hanson Tr.	6.8m	175½	− 1

TOKYO — Most Active Stocks

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	29.12m	298	+ 1	Mitsubishi Electric	12.48m	683	uch
Matsushita Elec Ind.	20.75m	2,380	+58	Kurabo Ind.	11.79m	830	+21
Tokuyama Soda	18.36m	844	+11	Toyo Soda	8.40m	774	+ 9
Nippon Mining	17.77m	622	+ 7	Toshiba	7.44m	648	−11
Sanyo Electric	16.48m	578	− 2	Nippon Express	6.94m	1,130	−68

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 45

[illegible]

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

All. Lyons	457	+ 8
Amersh. Intl	638	+17
Black (A.&C.)	675	+35
Bowthorpe	263	+11
Carclo Eng.	765	+37
Costain	335	+27
Cowie (T.)	789	+34
Derw. Valley	710xr	+70
Enterp. Oil	317	+ 6
Fenner (J.H.)	214	+15
Goal Pet.	96	+ 4½
Henders. Gr.	271	+19
Meyer Intl.	441	+16
Oakwood	735	+210
Pilk. Bros.	£10⅝	+ ¼
Racal Elec.	285	+14
Ryl.Bk. of Scotl.	399	+14
Royal Ins.	553	+10
Sears	168½	+ 6½
Securig.	230	+15
Smith (W.H.) A	389	+11
Steel Bur.	333	+18
Trhs. Forte	280½	+ 8½

FALLS:

Morrison (Wm).	337	−17
Scott.& Newcastle	257	− 6½
Tiphook	447	−23

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 45

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هكذا من الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

WE REGRET that over-the-counter closing prices were not available for this edition due to communication problems.

[illegible]

Continued on Page 43

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Buying surges on cue from North's Contra statement

WALL STREET

A HEALTHY SURGE of buying at the opening bell set the stage for a solid advance on Wall Street in moderately active trading. Minute by minute reports from Washington, where Colonel Oliver North was testifying at the Iran-Contra hearings, were the main market influence identified by dealers. Investors found immediate relief in Colonel North's statement at the outset that he had never discussed his funding of the Nicaraguan rebels with President Reagan and the Dow Jones Industrial Average jumped 20 points within the first hour of trading.

The market then steadied and at close the Dow was up 20.24 points at 2,449.77, a whisker below the record closing level of 2,451.05, set on June 25. Trading was heavy with 201.4m shares changing hands. The Dow Transportation index was up 8.43 at 1030.16 and the Standard & Poors 500 was up 2.48 at 307.40.

Among the blue chips, action was concentrated on AT&T, General Electric, IBM and some of the oil stocks. At lunchtime, AT&T was up $⅛ to $29. IBM fell $¼ to $163⅞ and GE improved by $⅞ to $55¾.

Oil stocks were generally strong, reflecting the background of steady to higher oil prices in recent weeks. Exxon rose $1½ to $94¾, Amoco moved ahead $1⅛ to $89⅞ and Chevron advanced $⅞ to $63¾. Texaco was among the day's most active stocks with 4.7m shares traded, but the price closed unchanged at $44¾. Schlumberger, the large oil services group, was another heavily traded issue, with volume of 2.0m shares and a price gain of $1¾ to $49¾.

The morning's most significant corporate announcement came from Kidde, a New Jersey-based industrial conglomerate which said it was considering the sale or restructuring of major parts of its business. Kidde's shares jumped $9⅞ to $61⅞, after gaining $3 on Monday on top of another $3 the week before. A secondary beneficiary of the Kidde announcement was Teledyne, which owns an 18 per cent stake in Kidde. Teledyne's shares rose $18 to $356.

There was less favorable news for Genentech stockholders. The San Francisco-based genetic engineering company suffered a setback in a key court ruling. The High Court in London decided that its patent for the anti-clotting drug TPA was too broad. Wellcome PLC argued successfully that Genentech's patent infringed on the British company's right to develop alternative methods of TPA production. Genentech's shares fell $1⅛ to $38⅝, with 2.8m shares traded.

In another part of the high technology sector, it was a bad day for computer stocks, with NCR down $⅝ to $73⅜ and DEC falling $2⅜ to $162⅞. Unisys, which announced a three-for-one stock split bucked the trend with a gain of $⅝ to $124⅝.

Several software companies were harder hit by selling and profit taking. Microsoft plunged $7 to $90½ on moderate volume of 680,000 shares, while Lotus declined by $⅝ to $27 and Sun Microsystems was down $5¼ at $35¼. One explanation for the rout in software was Monday's announcement by Compaq that Microsoft's new operating system for the IBM personal computer would be adapted to existing IBM clones.

Computer Associates and Uccel, two large software companies which announced a well-received merger last month both fell amid continuing doubts about the anti-trust implications of the proposed combination.

Monday's announcement that two other potential hi-tech partners, Comsat and Contel, had terminated their merger agreement continued to affect their shares slightly with Comsat down $¼ to $28⅝ and Control down $⅝ to $33½.

In the bond market, the Treasury long bond rose ⅜ to 103⁵⁄₁₆, to yield 8.379 per cent. Fed funds eased to 6⅝ from an opening of 6¹¹⁄₁₆ per cent.

CANADA

TORONTO posted good gains in brisk midsession trading. Following the Wall Street lead, oils, metals and mines carried the market upwards.

Oil shares rose in response to sharp gains in crude prices. Shell Canada advanced C$1 to C$48½, Texaco Canada improved C$⅝ to C$39⅝ and Gulf Canada Resources surged C$1⅛ to C$26.

SOUTH AFRICA

GOLD STOCKS closed mostly higher but were contained by a firmer financial rand later in the day.

Gold market leader Vaal Reefs added R11.50 to R427 but Randfontain was unchanged at R420. Kloof was 50 cents strongrer at R43.50 and Elands gained 50 cents at R34.75.

The industrial market was noticeably active as dealers shifted attention away from the volatile gold market. Barlow gained 25 cents to R23.75, SA Breweries added 40 Cents at R19.90 and Sasol rose 25 cents to R12.75.

Diamond share De Beers rose R1.25 to R43.50 on the announcement of a 28.5 per cent increase in diamond sales for the first half.

Richard Tomkins reports on the UK Government's latest flotation

BAA pricing marks middle course

THE UK Government and its advisers have dropped their aggressive stance on the flotation of BAA, formerly the British Airports Authority, and will this morning announce a price of 245p ($3.97) a share on the offer for sale.

The price will not be perceived as a give-away, but it is below the bottom end of the 250p-270p range which the Government's advisers had earlier said they thought appropriate.

It appears to mark a compromise between the Government's desire to extract full value for money from the flotation and the views of independent City of London analysts, among them BAA's own advisers, who had argued for an offer price of around 210p-220p.

The prospectus for the flotation will be published on Friday and the offer will close on the following Thursday. With all 500m shares in BAA about to be sold, the company's market capitalisation at the offer price will be £1.225bn.

The share price will be payable in two instalments, with an unusually attractive split: 100p a share will be paid on application and the remaining 145p will be paid in May next year. Other recent privatisations have required an initial payment of nearer 50 per cent.

On the basis of the fully-paid offer price, the notional gross dividend yield will be 3.69 per cent compared with a market average of about 3.25 per cent. The historic price/earnings ratio will be 15.3 compared with a market average of about 16.5.

The Government will also announce details of the way the offer will be structured. Only 50 per cent of the shares will be available to the general public through the normal fixed-price offer for sale arrangements. Another 25 per cent of the shares will be pre-placed with institutional investors, and the remaining 25 per cent will be offered to all investors through a tender.

The minimum level of application for the tender will be 1,000 shares – or £1,000 worth at the partly-paid price – compared with 150 shares in the fixed price offer. The implication is that the tender is aimed at institutional and professional investors, while the fixed price offer is aimed at small investors and novices.

Foreign investors, other than US and Canadian citizens, will be able to apply for the fixed-price offer and the tender.

The low initial payment on the shares leaves open the possibility of an attractive premium for investors. If the shares were to rise to 265p, putting them on a market average rating, the premium would be only 8 per cent on the fully-paid price but 20 per cent on the partly-paid price.

EUROPE

Oslo and Brussels swing high but Milan hits low

TRADING on European bourses produced some extremes yesterday with Oslo and Brussels climbing to record highs, while Milan fell to its lowest level of the year. Elsewhere, prices were steady or narrowly mixed.

Oslo hit a record when the all-share index rose 3.28 to 33.84, just above the previous record of 333.26 reached on April 24.

Foreign buying interest in major shares, coupled with the strength of the Norwegian krone and high Norwegian interest rates, helped the market upwards although trading was moderate at NKr 41.2m.

Norsk Hydro added NKr 4 to close at NKr 213 while Data A, the mainstay of foreign investors, gained NKr 3 to NKr 236. Orkla Borregaard added NKr 10 to NKr 417.

Brussels climbed generally higher on the continuing bull market to end at another record. The stock exchange index rose by 34.22 to 5,006.06 from Monday's peak.

Foreign buying continued to support the market after a firm opening. Limited profit-taking was well absorbed.

Among the market's gains were Kredietbank, rising BFr 110 to BFr 4,800, Solvay adding BFr 100 to BFr 13,750 and Groupe Bruxelles Lambert climbing BFr 40 to BFr 3,320.

Holdings were generally on the ascent. GBL rose BFr 80 to BFr 3,940 and Tractebel added BFr 110 to BFr 7,430. The largest holding company, Societe Generale de Belgique, ran against the trend and dropped BFr 30 to BFr 4,090 in contrast to heavy gains in recent sessions.

London peaks again

ENCOURAGED BY firmness in the pound and a strong opening on Wall Street, London equities closed at new peaks yesterday. A long-expected rights issue announcement from Midland Bank brought only a brief check to the renewed bull market.

The FT-SE 100 index was 13.5 up at a record 2,365.4 and the FT Ordinary reached a peak of 1,836.7 with a 5.9 gain.

Government bonds opened firmly but prices fell back later, closing ¼ off as Liffe futures contracts plunged. Details, Page 42

Among industrial issues, FN recovered some of Monday's losses, rising BFr 74 to BFr 1,414 and ACEC picked up BFr 36 to BFr 936.

Milan closed at its lowest level of 1987 after another day of thin trading. The Milan Stock Index lost 6 to end at 926, down from a previous year's low of 927 on March 3.

Activity centred on major industrials, insurers and selected financial and cement stocks.

Selected gains included savings shares of Pirelli, rising L150 to L5,500, and Italcementi which added L1,500 to end at L100,500.

Frankfurt witnessed a more moderate session although Siemens continued to dominate the direction of the market which ended narrowly mixed.

Siemens closed DM 7.90 up at DM 680.40, reversing the mood of depression.

Cars and banks picked up as the market overcame the Siemens shock. BMW retrieved Monday's losses and ended up DM 60 at DM 695.50. Volkswagen also gained, adding DM 5.30 at DM 418.50.

Bonds had a firmer day and longs closed 5 pfg to 15 pfg higher. The Bundesbank bought DM 5.7m worth of paper having bought DM 5.5m on Monday.

Amsterdam reacted to the softer dollar and closed mixed after a day of moderately active trading. Share prices opened lower after Monday's record close and the weighted ANP-CBS index climbed to Monday's record of 313.4 by midsession before slipping back towards the close.

Paris prices were nudged lower in quiet trading as a result of profit-taking after seven consecutive higher sessions and in response to the dip on Wall Street. Floods in the bourse's computer centre on Monday night caused technical problems and dampened investors' spirits. The CAC index of French stocks ended down 2.3 at 418.6.

Zurich eased on profit-taking and closed a quiet session mostly easier. Late demand for industrial blue chips was not enough to make up for earlier losses. Late recoveries included Ciba Geigy which picked up SFr 50 to close at SFr 3,700.

Stockholm finished quietly firmer in lacklustre and thin trading. The Veckans Affarer all-share index closed at 1,016 from 1,015.7 and volume was light.

Fermenta remained unlisted on the unofficial bourse amid news of a SKr 1.36bn takeover bid from Trans Resources of the US.

Spain outlines stock exchange reforms, Page 28

ASIA

Tokyo fails to join in headlong Asian climb

TOKYO

BARGAIN-HUNTERS helped limit sharp earlier losses in Tokyo yesterday when they moved into the market late in the session in search of stocks that have performed badly *writes Shigeo Nishiwaki of Jiji Press.*

Investors sought large capitals, financials, constructions and properties in the afternoon, while high-technology issues were sold.

The Nikkei average ended 54.77 points down at 23,816.09 after tumbling 382 soon after the start of the afternoon session. Trading volume remained weak at 571m shares, although up 61m from the previous day. Declines outnumbered advances by 614 to 302, with 126 issues unchanged.

Brokers said institutional investors generally stayed away while individuals continued selling in small lots.

THE SEOUL market rose to its fourth consecutive record high as confidence persisted over recent commitments to increase the pace of democratic reform in South Korea. The composite stock index finished 6.44 higher at 433.59, with banks and construction stocks leading the way.

Stocks strengthened on buying Consumer related brokers said as the belief spread that the key market barometer had hit bottom, dropping by 9.4 per cent from the June 17 peak of 25,929 to yesterday's low of 23,488.

Forecasts for market outlook were mixed among the four major securities companies. Some analysts said consumer related stocks will lead the market up, while others regard high-tech issues as the likeliest candidates for market leaders.

Large capitals rebounded almost across the board in the afternoon. Nippon Steel headed the active stock list, with 33.29m shares traded, firming Y13 to Y311. Kawasaki Steel, with 11.93m shares, rose Y6 to Y243, and Ishikawajima-Harima Heavy Industries gained Y30 to Y640.

Electric power and gas utilities also rallied strongly: Tokyo Electric Power, a recent loser, improved Y50 to Y6,150, and Tokyo Gas Y80 to Y1,080.

The construction and property sectors firmed on a wide front, with Taisei Corp gaining Y24 to Y1,010, Arai-Gumi Y64 to Y1,000, Kajima Corp Y50 to Y1,640 and Mitsubishi Estate Y130 to Y2,680.

Financials also gained. Fuji Bank climbed Y170 to Y3,030, Tokio Marine and Fire Insurance Y60 to Y2,140 and Nomura Securities Y110 to Y4,390.

Conversely, high-tech stocks turned down across the board after rising steadily in recent weeks on expectations of an economic recovery. The lacklustre performance was blamed largely on the easier start of Matushita Electric Industrial, which slid Y60 to Y2,300 on the second largest volume of 13.64m shares. NEC shed Y130 to Y2,040 and Toshiba Y16 to Y630.

Some chemicals were also hurt, with Tokuyama Soda losing Y38 to Y806 and Mitsubishi Chemical Industries Y30 to Y1,170.

Bonds continued to move widely. The yield on the 5.1 per cent 10-year government bond due in June 1996 opened at 4.020 per cent in block trading on the Tokyo Stock Exchange, down from Monday's 4.050 per cent finish. It later fell further to 3.940 per cent at one stage but ended at 4.055 per cent on late selling. In inter-dealer trading, the yield climbed to 4.085 per cent.

AUSTRALIA

A RUSH for Sydney stocks by both foreign and domestic investors lifted the All Ordinaries index to a record high, up 29.1 at 1,862.8.

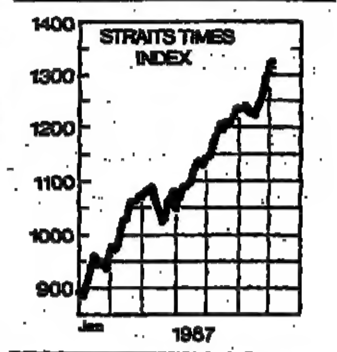
The firmer bullion price, strong gains by stock index futures and opinion polls showing the Government heading for victory in the general election all helped send investors scrambling for shares. Japanese buyers were said to be switching away from Australian bonds and treasury notes.

Among the gains were mining issues such as CRA, 66 cents higher at A$9.90, and Western Mining, which rose 36 cents to A$7.06. CSR fell 10 cents to A$3.98 after winning control of Pioneer Sugar.

Industrials were also strong, with Elders IXL up 5 cents at A$4.75 on heavy turnover of 2.3m shares and News Corp adding 50 cents to A$20.

SINGAPORE

STRONG buying by foreign and local institutions and a shortage of scrip combined to push the Straits Times industrial index to a fourth record in a row in Singapore. The index climbed 16.46 to a peak of 1,332.61.



Trading was active and there was some profit-taking towards the end of the session.

Leading blue chips again showed the largest gains, with DBS up 40 cents at S$15.40, Genting gaining 20 cents to S$6.80 and Singapore Airlines 10 cents ahead at S$13.20.

Second-liners were the most actively traded stocks, led by Arab-Malaysian Development, unchanged at S$1.43 on 2.3m shares changing hands.

HONG KONG

CONFIDENCE in the performance of Hong Kong banks took the Hang Seng index 15.73 higher to a fresh record of 3,236.41 while the Hong Kong index added 13.59 to 2,101.26.

Overseas institutions were the main buyers and Hongkong Bank led the market, gaining 15 cents to HK$9.30 in active trading. Hang Seng Bank was up 75 cents at HK$42.50 and Bank of East Asia added 40 cents to HK$26.80.

Properties were mixed.

Record run continues in Thailand

THE THAI stock market index rose to a new high for the fifth consecutive session in hectic trading yesterday, *Reuter reports from Bangkok.*

Brokers said the Securities Exchange of Thailand index gained 4.3 points to a record 321.89. The index, which first broke its previous 1978 high in mid-May, has advanced 55.4 per cent this year and risen nearly 1.5 times since mid-1986.

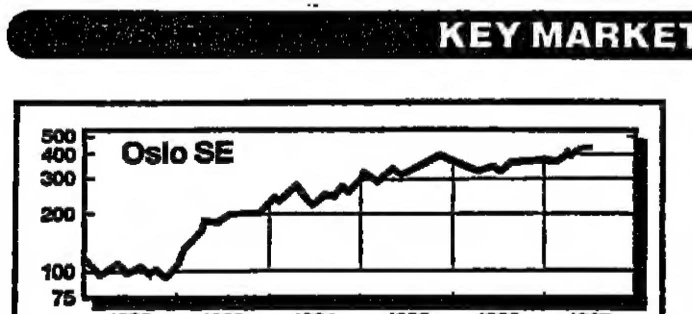
Exchange officials said some 6.3m shares worth 809m baht ($31m) were traded yesterday, three times the daily average of last month and six times the average of early this year.

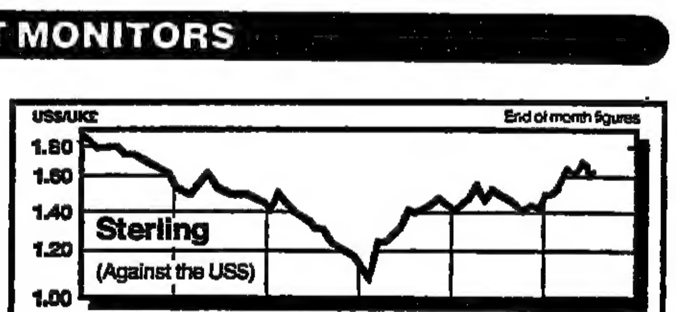
They said the market ignored the SET's decision to put up warning notices on five listed stocks, a way of advising investors to seek additional corporate information before buying related issues.

The year-long rally shows no sign of abating and brokers said market sentiment was unaffected by the decision of the state-run Krung Thai Fund this week to auction off 9.95m shares it had held since 1979 shortly after the exchange crashed.

Siam City Cement rose 40 baht to 1,254 baht, National Finance 20 to 353.75, Thai Plastic 50 to 1,250, Bangkok Bank 14 to 321 and Thai Farmers 4 to 383. However, Siam Cement shed 10 to 1,291 and Saha Union 4 to 418.

KEY MARKET MONITORS





STOCK MARKET INDICES

	July 7	Prev	Year ago
NEW YORK			
DJ Industrials	2,456.31*	2,429.53	1,839.0
DJ Transport	1,030.82*	1,021.73	765.25
DJ Utilities	206.18*	204.97	198.95
S&P Comp.	308.22*	304.92	244.05
LONDON FT			
Ord	1,836.7	1,830.8	1,317.7
SE 100	2,365.4	2,351.9	1,631.0
A All-share	1,193.44	1,187.67	795.05
A 500	1,324.81	1,318.12	871.24
Gold mines	368.8	376.2	197.3
A Long gilt	9.16	9.14	9.16
World Act. Ind (June 30)	128.24	129.56	82.55
TOKYO			
Nikkei	23,816.09	23,870.96	17,714.1
Tokyo SE	1,993.57	1,991.48	1,368.21
AUSTRALIA			
All Ord.	1,862.8	1,833.4	1,136.2
Metals & Mins.	1,152.0	1,113.7	497.3
AUSTRIA			
Credit Aktien	184.83	184.41	241.56
BELGIAN SE	5,006.00	4,971.80	3,746.88
CANADA			
Toronto			
Met & Mins.	3,106.5	3,020.83	2,036.0
Composite	3,884.6	3,836.60	3,042.2
Montreal			
Portfolio	1,979.48	1,946.96	1,525.84
DENMARK SE			
SE	(uch)	204.76	218.89
FRANCE			
CAC Gen	418.60	420.90	372.6
Ind. Tendance	106.50	107.60	89.33
WEST GERMANY			
FAZ-Aktien	621.96	623.14	600.63
Commerzbank	1,886.40	1,890.00	1,814.7
HONG KONG Hang Seng	3,236.41	3,220.68	1,761.52
ITALY Banca Comm.	669.97	675.49	707.08
NETHERLANDS ANP CBS			
Gen	313.60	313.40	293.3
Ind	265.00	265.10	291.9
NORWAY Oslo SE	—	433.90	357.03
SINGAPORE Straits Times	1,332.60	1,316.15	725.38
SOUTH AFRICA JSE			
Golds	—	(uch)	1,219.8
Industrials	—	(uch)	1,186.8
SPAIN Madrid SE	250.33	248.20	173.09
SWEDEN J & P	2,754.20	2,755.40	2,510.56
SWITZERLAND Swiss Bank Ind	619.10	620.70	557.1

COMMODITIES (London)

	July 7	Prev
Silver (spot fixing)	460.85p	447.15p
Copper (cash)	£1,041.00	£1,053.00
Coffee (September)	£1,211.00	£1,246.00
Oil (Brent Blend)	$19.50	$19.475

GOLD ($/oz)

	July 7	Prev
London	$443.00	$443.00
Zürich	$444.55	$443.75
Paris (fixing)	$444.32	$442.97
Luxembourg	$446.25	$443.55
New York (August)	$446.10	$450.30

CURRENCIES (London)

	US DOLLAR July 7	US DOLLAR Previous	STERLING July 7	STERLING Previous
$	–	–	1.6200	1.6195
DM	1.8395	1.8400	2.98	2.975
Yen	149.70	149.10	242.5	241.5
FFr	6.1275	6.1275	9.925	9.9025
SFr	1.5345	1.5325	2.485	2.4825
Fl	2.0705	2.0715	3.355	3.356
Lira	1,331.5	1,333.5	2,157	2,160.5
BFr	38.15	38.15	61.80	61.80
C$	1.3235	1.3285	2.1445	2.1465

INTEREST RATES

	July 7	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9⅛
SFr	3¹³⁄₁₆	3¹³⁄₁₆
DM	3¾	3⅞
FFr	8⅛	8⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	7⅛	7
6-month US$	7⅜	7⅛
US Fed Funds	6¹¹⁄₁₆*	6⅝
US 3-month CDs	6.60*	6.975
US 3-month T-bills	5.585*	5.80

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
July 7 (Sept)	92–19	92–24	92–06	92–17
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	94.14	94.15	94.07	94.14
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	–	–	–	–
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.79	92.80	92.73	92.85
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	123–15	123–28	123–05	123–15

US BONDS

Treasury

	July 7 Price	July 7 Yield	Prev Price	Prev Yield
7¼ 1989	100¹⁄₃₂	7.356	100	7.375
7 1994	99¹⁄₃₂	8.105	99¹⁰⁄₃₂	8.129
8½ 1997	101¹⁄₃₂	8.276	101⁷⁄₃₂	8.291
8¾ 2017	103²¹⁄₃₂	8.412	103¹⁴⁄₃₂	8.42

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	July 7 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+1.55	7.78	–0.03

Source: Merrill Lynch

Corporate

	July 7 Price	July 7 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	(uch)	(uch)	93.27	6.40
SCBT South Central 10⅞ Jan 1993	(uch)	(uch)	103.0	10.16
Phibro Sal 8 April 1996	(uch)	(uch)	92.61	9.25
TRW 8⅞ March 1996	(uch)	(uch)	97.34	9.20
Arco 9⅞ March 2016	(uch)	(uch)	104.16	9.45
General Motors 8⅛ April 2016	(uch)	(uch)	86.51	9.50
Citicorp 9⅜ March 2016	(uch)	(uch)	94.11	10.00

Source: Salomon Brothers

* Latest available figures